



**LEGISLATIVE
SERVICES AGENCY**

Serving the Iowa Legislature

Fiscal Facts 2010

IOWA
Legislative Services Agency
Fiscal Services Division
July 2010

To: Members of the Iowa General Assembly

From: Holly M. Lyons, Division Director
Fiscal Services Division

Re: Fiscal Facts

Date: July 2010

Fiscal Facts contains data relating to overall revenues and expenditures of State government, as well as information regarding the most pertinent and discussed topic areas. Additional detailed data and information are available from the Fiscal Services Division of the Legislative Services Agency.

The FY 2010 data are estimates since the document is being issued prior to the close of FY 2010. **The data provided for FY 2011 represents action taken by the 2010 General Assembly, and does not reflect veto action by the Governor.**

If you would like further information regarding any of the data provided within Fiscal Facts or have any comments and suggestions regarding this document, please do not hesitate to contact me at 515-281-5279 or holly.lyons@legis.state.ia.us.

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STATE OF IOWA
GENERAL FUND BALANCE
(\$ in millions)

	<u>FY 2010 Estimated</u>	<u>FY 2011 Legislative Action*</u>
Estimated Funds:		
Estimated Receipts		
Rev. Est. Conference	\$ 6,681.1	\$ 6,700.9
Legislative Action Rev. Adj.	-0.1	23.5
Total Receipts	6,681.0	6,724.4
School Infra. Refunds	-363.8	-367.1
Tax Refunds	-901.0	-916.0
Accruals	-14.2	18.5
Total Funds	<u>5,402.0</u>	<u>5,459.8</u>
Est. Appropriations:		
General Fund	5,768.3	5,279.2
Econ. Emer. Fund	45.3	
1.5% Across-the-Board Cut	-564.4	
FY 2009 Supplementals	53.1	
Reversions	-1.0	-2.0
Net Appropriations	<u>5,301.3</u>	<u>5,277.2</u>
Ending Balance	<u>\$ 100.7</u>	<u>\$ 182.6</u>
Approps./Transfers to Other Funds		
Senior Living Trust Fund	48.2	0.0
Cash Reserve Fund	52.5	182.6
Total	<u>\$ 100.7</u>	<u>\$ 182.6</u>

* Prior to action by the Governor.

STATE OF IOWA
 COMBINED APPROPRIATION SUMMARY
 GENERAL FUND, ARRA, AND CASH RESERVE FUND
 (\$ in millions)

	FY 2010 Legislative Action	FY 2011 Legislative *
	<u> </u>	<u> </u>
General Fund		
Appropriations	\$ 5,301.7	\$ 5,279.2
Total	<u>\$ 5,301.7</u>	<u>\$ 5,279.2</u>
ARRA Funding		
Medicaid	\$ 239.2	\$ 240.2
Education Stabilization	321.0	25.3
Government Stabilization	63.4	22.6
Other	<u>10.2</u>	<u>35.8</u>
Total	<u>\$ 633.8</u>	<u>\$ 323.9</u>
Cash Reserve Fund		
Appropriations	<u>80.3</u>	<u>\$ 267.4</u>
Total GF & ARRA Funding	<u><u>\$ 6,015.8</u></u>	<u><u>\$ 5,870.5</u></u>

* Prior to action by the Governor.

ARRA = American Recovery and Reinvestment Act

THE YEAR IN REVIEW

FY 2009

Iowa ended FY 2009 without a surplus; the ending balance was \$0.0. The U.S. economy entered a recession in December 2007 and Iowa entered the recession sometime between April and October 2008. Due to the downturn in the economy, tax revenues declined significantly throughout the fiscal year. The revenue growth rate was 3.5% before refunds and accruals; down from the FY 2008 actual growth rate of 9.5%. As revenues declined during the fiscal year, actions were taken to maintain a balanced budget. In December 2008, the Governor implemented a 1.5% across-the-board (ATB) reduction totaling \$89.1 million and the 2009 General Assembly enacted additional appropriations reductions of \$101.5 million. The 2009 General Assembly also used \$150.0 million in federal stimulus funds to replace reductions in K-12 education and Medicaid. By the close of the fiscal year, a transfer of \$45.3 million from the Economic Emergency Fund was needed to balance the budget.

As a result of the zero ending balance, no money was transferred to the Cash Reserve Fund, the Senior Living Trust Fund, or the Property Tax Credit Fund.

FY 2010

The 2009 General Assembly appropriated a total of \$5.768 billion from the General Fund for FY 2010, a decrease of \$192.6 million (3.2%) compared to the estimated FY 2009 General Fund appropriations. However, the reductions were offset by federal stimulus funding of \$529.3 million in FY 2010.

The October 2009 Revenue Estimating Conference (REC) revised the FY 2010 net General Fund revenue estimate downward by \$415.4 million (7.1%) compared to the estimate that was used to balance the FY 2010 budget. This resulted in a projected deficit of \$317.8 million. In response, the Governor issued Executive Order 19 requiring a 10.0% ATB reduction to all FY 2010 General Fund appropriations, cutting \$564.4 million from the budget. In the weeks following, the Legislative and Judicial Branches announced reductions to their FY 2010 budgets of 10.0% and 7.1% respectively.

THE YEAR IN REVIEW (Continued)

This resulted in reductions of \$3.3 million to the Legislative Branch budget and \$11.4 million to the Judicial Branch. The reductions to all three branches of government reduced General Fund appropriations by a total of \$579.1 million.

The December 2009 REC reduced revenue estimates further, estimating FY 2010 revenue growth at negative 8.7%. The 2010 General Assembly made further reductions to FY 2010 appropriations for a net appropriation total of \$5.302 billion from the General Fund. In addition, the 2010 General Assembly used \$633.8 million in federal stimulus funds and \$80.3 million from the reserve funds to balance the FY 2010 budget, leaving a projected ending balance of \$100.7 million.

According to a March 2010 report released by the National Conference of State Legislatures (NCSL), personal income tax collections were below the latest target in 25 states and general sales tax revenues were below the most recent forecast in 23 states. However, in Iowa, personal income tax and general sales tax revenues were on target at the time of the March report, indicating that like all states, Iowa's economy was suffering, but it seemed to be in better shape than many other states.

FY 2011

The December 2009 REC estimate for FY 2011 reflected 0.7% growth, and the March 2010 REC increased that projection to 1.5% growth before refunds and accruals. There continues to be concern about the Iowa and national economy. Net General Fund revenue peaked in November 2008 and fell by 10.7% by February 2010. Economic indicators are starting to show recovery but the recovery is from a very low level and it is likely to take years for revenues to attain the prerecession levels. To achieve real revenue growth, Iowa needs to increase the number of jobs and therefore wage and salary income.

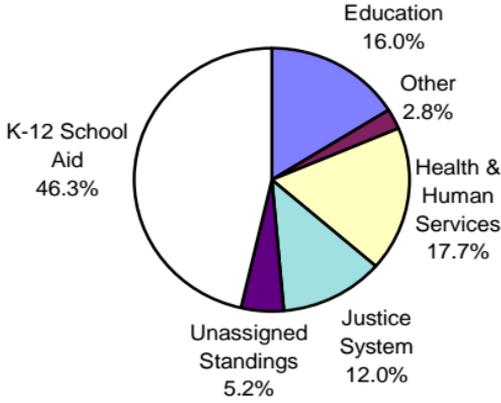
Senate File 2088 (Government Reorganization and Efficiency Act) made changes in the structure of State government and impacted elements of local governments and various boards and commissions.

THE YEAR IN REVIEW (Continued)

The Act impacts the State General Fund and other funds. Specifically, General Fund savings related to reorganization are estimated to be \$70.5 million in FY 2011. The General Assembly also approved SF 2062 (Early Retirement Incentive Act) establishing a State Employee Retirement Incentive Program for eligible employees. The Act was effective on February 10, 2010, and is estimated to result in total savings for FY 2011 of \$53.7 million (\$22.8 million from the General Fund and \$30.9 million from other funds).

The 2010 General Assembly appropriated \$5.279 billion from the General Fund for FY 2011. In addition, \$323.9 million in federal stimulus (ARRA) funds and \$267.4 million from reserve funds, and the anticipated savings from reorganization and early retirement incentive were used to balance the budget for a total appropriation for FY 2010 of \$5.871 billion. The projected General Fund ending balance for FY 2011 is \$182.6 million.

**DISTRIBUTION OF ESTIMATED FY 2011
STATE GENERAL FUND APPROPRIATIONS
(\$ in millions)**



Subcommittee	Est. FY 2011 Appropriations	Percent of Total
Admin. & Regulation	\$ 66.6	1.3%
Ag. & Natural Resources	35.9	0.7%
Economic Development	41.8	0.8%
K-12 Education - School Aid	2,446.1	46.3%
Education	844.4	16.0%
Health & Human Services	935.5	17.7%
Justice System	635.6	12.0%
Unassigned Standings	273.3	5.2%
Total	\$ 5,279.2	100.0%

Note:

"Other" includes Administration and Regulation, Agriculture and Natural Resources, Economic Development, and Transportation and Infrastructure.

GOVERNMENT REORGANIZATION AND EFFICIENCY ACT

[Senate File 2088](#) made various changes in the structure of State government and impacted various elements of local governments and various boards and commissions. The Act impacted the State General Fund and various other funds. Significant provisions of the Act include:

Impact on Appropriations and Expenditures

Appropriates \$1.7 million and 23.0 FTE positions from the General Fund for FY 2011.

Generates additional General Fund revenues estimated at \$21.9 million for FY 2011 and \$7.8 million for FY 2012.

Impacts General Fund expenditures as follows:

- An estimated decrease in expenditures of \$102,000 for FY 2010.
- An estimated decrease in expenditures of \$50.3 million for FY 2011.
- An estimated decrease in expenditures of \$27.0 million for FY 2012.

The total impact to the State General Fund when appropriations, revenue increases, and expenditure changes are totaled:

- An estimated savings of \$102,000 for FY 2010.
- An estimated savings of \$70.5 million for FY 2011.
- An estimated savings of \$34.7 million for FY 2012.

Impacts other funds (including local government savings) when appropriations, revenue increases, and expenditure changes are totaled:

- An estimated savings of \$21,000 for FY 2010.
- An estimated savings of \$55.7 million for FY 2011.
- An estimated savings of \$34.2 million for FY 2012.

GOVERNMENT REORGANIZATION AND EFFICIENCY ACT (Continued)

NOTE: Savings were also included relating to reorganization in [House File 2531](#) (FY 2011 Standings Appropriations Bill) and [Senate File 2062](#) (Early Retirement Incentive Act). House File 2531 appropriates \$2.3 million to the Department of Administrative Services (DAS) for technology procurement to result in a portion of the estimated savings. House File 2531 makes a \$260,000 Cash Reserve Fund appropriation to replace the initial savings that were decreased from the DAS General Fund appropriation in [Senate File 2367](#) (FY 2011 Administration and Regulation Appropriations Bill) for the original transfer of the State accounting function and responsibilities from the DAS to the Department of Management (DOM) that HF 2531 eliminated in order for the accounting functions to remain with the DAS.

Requires the Department of Management (DOM) to apply reductions totaling \$83,760,500 to Executive Branch agencies' General Fund operating appropriations for FY 2011, excluding the Board of Regents. Requires the reductions to be realized through the implementation of the following:

- Senate File 2062 (Early Retirement Act) – additional detail below
- Senate File 2088 (Government Reorganization and Efficiency Act) – This includes the reduction of FTE positions that are vacant for at least six months, and limitations to the span of control.
- [Executive Order Number 20](#) issued by the Governor on December 16, 2009.

HF 2531 makes a Cash Reserve Fund appropriation of \$5.0 million in the event the \$83.8 millions in savings cannot be met.

Early Retirement Incentive

SF 2062 (Early Retirement Incentive Act) provides for the establishment of a State Employee Retirement Incentive Program for eligible employees of the Executive Branch of the State and makes the Program optional for the Legislative and Judicial Branches, and the State Board of Regents institutions. The Judicial Branch and State Board of Regents are not participating. Over 2,100 employees applied for the Program.

GOVERNMENT REORGANIZATION AND EFFICIENCY ACT (Continued)

Since employees are allowed to withdraw their application prior to termination, and since the positions the Department of Management (DOM) will approve to be filled is unknown, the fiscal impact is not available at this time. The Department of Administrative Services (DAS), in collaboration with the DOM, is required to provide an interim report to the General Assembly concerning the Program by October 1, 2010.

Structural Changes:

- Requires most State agencies to obtain services relating to information technology (IT) from the DAS and creates a Chief Information Officer (CIO) position to coordinate IT services. The CIO is to be appointed by the Governor and confirmed by the Senate.
- Requires a study by the DAS, the Department of Cultural Affairs (DCA), and the State Records Commission regarding creation, storage, and retention of State records in electronic format.
- Requires an electronic format for various documents issued by the Legislative Services Agency (LSA).

GOVERNMENT REORGANIZATION AND EFFICIENCY ACT (Continued)

Changes regarding personnel

- Converting FTE positions to a contract position.
- Limiting the carried forward funds for operational appropriations permitted to be encumbered for training to internet-based training costs.
- Requiring the DAS to adopt administrative rules for job sharing, telecommuting, and flex-time.
- Requiring the judicial district Department of Correctional services to utilize the State accounting system (I3).
- Requiring departments to track expenditures separately for contract services and employee training and submit the information to the LSA semi-annually.
- Requiring departments to eliminate FTE positions that have been vacant for a period of at least six months and permits departments to request reauthorization from DOM for positions that are difficult to fill.
- Requiring funding in a department's adopted budget designated for FTE positions be used only for salaries and benefits.
- Requiring each appropriations subcommittee of the General Assembly to annually review department fees.

Requires a span of control of 1:14 for FY 2011 and 1:15 for FY 2012 with minor exceptions. Defines "supervisory employee." Permits Executive Branch agencies to apply for a waiver for FY 2012 under certain circumstances to a five-person review board. Requires the State Board of Regents to develop a policy regarding the employee per supervisory employee target aggregate ratio at each institution of 1:15.

GOVERNMENT REORGANIZATION AND EFFICIENCY ACT (Continued)

Streamlined practices

Requires the State Board of Regents and Regents institutions to cooperate with DAS and other State agencies in the areas of joint purchasing and information technology.

Permits agencies to purchase goods and services pursuant to a master contract negotiated by DAS with certain agencies exempt from the contract.

Requires streamlined practices, including:

- State employees to be paid via electronic funds transfer (EFT) unless the employee is currently under a collective bargaining agreement that provides otherwise.
- Requires DAS and DOM to examine the process by which State agencies hire personnel with the goal of reducing steps needed for agencies to hire personnel.
- Requires DAS to conduct a property inventory and a review of State office leases. Requires the State Board of Regents to conduct an audit of property. Requires DAS with the Department of Human Services (DHS) and the Department of Corrections (DOC) to sell property no longer necessary for the DHS or DOC.

Other Changes

Establishes a Class A Micro-distilled Spirit Permit.

Establishes a Charity Beer and Wine Auction Permit.

Creates two new classes of beer permits. Class AA permits the holder to manufacture high alcoholic content beer and sell it at wholesale. Special Class AA permits manufacturing of high alcoholic content beer that can be consumed on the premises of a Class C liquor control license holder or Class B beer permit (i.e.: brewpubs) holder.

**GOVERNMENT REORGANIZATION
AND EFFICIENCY ACT (Continued)**

Requires the Alcoholic Beverages Division (ABD) to close the main State warehouse on Fridays. Limits the number of tobacco retail compliance checks that the ABD can perform in FY 2011 to one check per retail outlet and one follow-up check for those that are non-compliant during the first check.

Authorizes the direct shipment of wine from out-of-state manufacturers to residents of Iowa.

Reduces the Department of Human Rights (DHR) from seven divisions to three:

- Division of Community Advocacy and Services
- Division of Criminal and Juvenile Justice Planning
- Division of Community Action Agencies

Requires a debtor to the State that wins money on a wager at a racetrack, excursion gambling boat, or gambling structure in Iowa is subject to a tax setoff when winnings meet a \$1,200 threshold in lieu of the current \$10,000.

Transfers the State accounting function and responsibilities from the DAS to DOM. NOTE: [House File 2531](#) (FY 2011 Standing Appropriations Bill) strikes this provision.

Increases the fees collected for the Organics Agricultural Program by 10.0% for FY 2011 and permits the Department of Agriculture and Land Stewardship (DALs) to retain the increased revenue.

Transfers the authority for administration of the Shelter Assistance Fund from the Department of Economic Development (DED) to the Iowa Finance Authority (IFA).

Makes various changes to the area education agency boards and duties and the data exchanges with the Department of Education.

GOVERNMENT REORGANIZATION AND EFFICIENCY ACT (Continued)

Creates the Early Childhood Iowa Initiative as a restructuring of the Community Empowerment Initiative.

Requires the Department of Education to review and evaluate the implementation of the recommendations submitted by the Community College Accreditation Advisory Committee in its final report. Requires the Department of Education to convene a working group to study the maximum academic credit hour workload per school term for community college instructors.

Requires the Departments of Human Services, Public Health, Corrections, Management, and any other appropriate agency to identify strategies to improve efficiencies in pharmaceuticals, including changes to State law or approval from the federal government.

Requires electronic transmission of child support payments collected by employers from employees.

Creates a new Code chapter (False Claims Act) to attempt to secure a larger recovery for the State (10.0%) under Medicaid fraud actions.

Requires the Board of Corrections to meet at least quarterly. The Board is currently required to meet at least 12 times per year.

Requires the Department of Corrections (DOC) to close Farm One by July 1, 2010, and Farm Three by January 1, 2011, at Iowa State Penitentiary at Fort Madison.

Changes the amount of tuition that can be charged by the Iowa Law Enforcement Academy.

Creates a legislative State Government Efficiency Committee to review State government operations at least every two years.

Medicaid

- Removing drugs prescribed for mental illness from the list of drugs that are exempt from prior authorization when the drug is not on the preferred drug list.

GOVERNMENT REORGANIZATION AND EFFICIENCY ACT (Continued)

- Requiring the DHS to adopt rules to restrict physicians and other prescribers to a maximum of three days of prescription drugs that are not on the Medicaid Preferred Drug List (PDL) while seeking approval to continue the medication. Requires the DHS to adopt rules to place chemically unique mental health drugs on the nonpreferred drug list and require prior authorization if the drug does not receive supplemental rebates.
- Requires DHS to design and implement a chronic disease management program for children.
- Requires DHS to set a trigger for a review of payments for services provided under the Home and Community-Based Services (HCBS) waivers. DHS must require advanced approval for services where the payment is projected to exceed the median.
- Strengthens the Medicaid law to increase recoveries of improperly-claimed Medicaid benefits and prevent ineligible individuals from receiving these benefits.
- Requires DHS to amend the Medicaid HCBS persons with intellectual disabilities waiver to specify that the required evaluations conducted are to determine the level of care rather than confirming the diagnosis.
- Requires DHS to amend the HCBS waiver to include employment-related transportation provided or arranged by the supported community living services provider.

Other Human Services changes

Requires the Early Childhood Iowa Council to establish a State Child Care Advisory Committee.

Updates statutory language regarding the Mental Health Mental Retardation Developmental Disabilities and Brain Injury (MH/MR/DD/BI) Commission, the Commission duties and the Mental Health System in the State. Changes the name of the Commission to the Mental Health and Disability Services Commission and changes the term Mental Retardation to Intellectual Disability.

GOVERNMENT REORGANIZATION AND EFFICIENCY ACT (Continued)

Permits DHS to have more flexibility for the organizational structure of the Department.

Prohibits DHS from accepting any new enrollments into the Family Support Subsidy (FSS) Program effective July 1, 2010 (FY 2011).

Requires counties receiving funds from the Veteran County Grant Program from the Department of Veteran Affairs to submit an annual report of expenditures to the Department.

Board and Commissions

Requires the General Assembly to consider various factors prior to establishing a new statutory appointive board, commission, committee, or council for those created after July 1, 2010.

Eliminates various boards and commissions including:

- Eliminates the Renewable Fuels and Coproducts Advisory Committee in the Department of Agriculture and Land Stewardship (DALs).
- Eliminates the Grape and Wine Development Commission under DALs.
- Eliminates the Natural Resource Funding Advisory Committee and the Upland Game Bird Study Advisory Committee.
- Eliminates the Climate Change Advisory Council and permits the Department of Natural Resources to make recommendations regarding climate change to the Environmental Protection Commission.
- Repeals the Small Business Advisory Council.

**GOVERNMENT REORGANIZATION
AND EFFICIENCY ACT (Continued)**

- Eliminates the duties of the Agricultural Products Advisory Council as it relates to financial assistance under the Value-Added Agriculture Component of the Grow Iowa Values Fund. Eliminates the Microenterprise Development Advisory Committee.
- Eliminates the Agricultural Education Advisory Council and the Learning Technology Commission.
- Permits the Council on Human Services to establish advisory committees under the purview of the Council. Requires the Council to establish specific provisions for any advisory committee that is created.
- Repeals the Technical Advisory Committee for Radiation Machines and Radioactive Materials.
- Repeals the State Substitute Decision-Making Board, the Hemophilia Advisory Committee, and the Anatomical Gift Public Awareness Advisory Committee. NOTE: [House File 2526](#) (FY 2011 Health and Human Services Appropriations Bill) reinstates the Hemophilia Advisory Committee and requires the Committee to coordinate with the Congenital and Inherited Disease Advisory Council.
- Repeals the Swimming Pool Advisory Committee.
- Repeals the Indigent Defense Advisory Commission and requires the State Public Defender to file a written report every three years with the Governor and General Assembly relating to the recommendations and activities of the indigent defense system.

FEDERAL STIMULUS FUNDING AMERICAN RECOVERY AND REINVESTMENT ACT

The Government Accountability Office was charged with monitoring and reviewing the expenditure and usage of ARRA funds. GAO's reviews of Recovery Act spending focus on 16 states and the District of Columbia, which contain about 65 percent of the U.S. population and are estimated to receive about two-thirds of the intergovernmental federal assistance available through the Recovery Act. The most recent report can be found at the link below and both the full report and the Iowa Appendix, addressing the detail of the bi-monthly visit to Iowa are available.

Iowa was selected as a representative small Midwestern state. The other states selected were Arizona, California, Colorado, Florida, Georgia, Illinois, Massachusetts, Michigan, Mississippi, New Jersey, New York, North Carolina, Ohio, Pennsylvania, and Texas.

According to GAO, "As of February 12, 2010, \$88.7 billion, or a little more than 30 percent of the approximately \$282.0 billion of total Recovery Act funds for programs administered by states and localities had been paid out by the federal government. Of that amount, approximately \$36.0 billion has been paid out since the start of federal fiscal year 2010."

As reported to the Department of Management, through March 31, 2010, \$686.0 million (47.2%) of the \$1,452.5 billion awarded to Iowa State Agencies had been expended. Additionally, of the \$63.4 million appropriated from State Fiscal Stabilization Funds by the Iowa General Assembly for FY 2010, \$49.4 million (77.9%) has been expended. Only the Department of Public Defense has yet to use any of the \$180,000 appropriated to it.

<https://idomservice.dabbledb.com/page/arra2009informationandactions/gZykPwCJ>

www.iowa.gov/recovery

<http://www.gao.gov/recovery/bimonthly/states/>

**FEDERAL STIMULUS FUNDING
AMERICAN RECOVERY AND
REINVESTMENT ACT (Continued)**

Federal funds have been received through existing formulas, demand-based funding (e.g. extended and increased unemployment benefits), education, and government services stabilization funds coming directly to the State and competitive grants.

During the 2009 Legislative Session the General Assembly appropriated portions of the education and government services stabilization funding, as well as a portion of Medicaid funds for FY 2009 and FY 2010. The chart below shows the funds appropriated through HF 820 (Federal Block Grant Bill) and HF 811 (Health and Human Services Appropriations Bill).

During the 2010 Legislative Session the General Assembly appropriated \$58.0 million from the Education Stabilization and Government Stabilization funds for school aid. Funds for Medicaid and other HHS funds come directly to the Department of Human Services.

ARRA Funding Summary
(Dollars in Millions)

	Estimated Available	Appropriations and Direct Receipts		
		FY 2009	FY 2010	FY 2011
Medicaid	\$ 329.9	\$ 110.0	\$ 144.9	\$ 240.2
Other HHS	81.3	0.0	0.0	40.1
Education Stabilization	386.4	40.0	321.0	25.4
Government Stabilization	86.0	0.0	63.4	22.6
Total	\$ 883.6	\$ 150.0	\$ 529.3	\$ 328.3

State School Aid – HF 820 provided \$40.0 million for FY 2009 and \$202.5 million for FY 2010 to be used to fulfill funding for a portion of State school aid. The FY 2009 amount will be distributed with May 2009 State aid payment to school districts if the ARRA funding is available at that time, otherwise it will be distributed with payments in the first month the funding is available. The amounts will be distributed equally with the monthly payments to school districts for the FY 2010 year.

**FEDERAL STIMULUS FUNDING
AMERICAN RECOVERY AND
REINVESTMENT ACT (Continued)**

State School Aid – HF 2519 (FY 2011 Federal Block Grant Appropriations Bill) appropriated a total of \$47.9 million of federal stimulus funding to be used in lieu of FY 2011 State General Fund school aid dollars. This amount included \$25.3 million from the ARRA Education Fiscal Stabilization Fund and \$22.6 million from the ARRA Government Services Stabilization Fund. The appropriation depleted all remaining ARRA Education Fiscal Stabilization and Government Services Stabilization funds allocated to the State.

Instructional Support State Aid – HF 820 provided \$13.1 million in lieu of State aid for the Instructional Support Program in FY 2010. SF 478 (FY 2010 Standing Appropriation Bill) eliminated State funding for the Program for FY 2010. School districts with the Program are also required to providing local funding through a local property tax or income surtax.

Teacher Professional Development – HF 820 provided an FY 2010 appropriation of \$2.0 million of ARRA education stabilization funds to be allocated to school districts for the purpose of funding professional development for the model core curriculum. This is a one-time appropriation that will be distributed to school districts and cannot be used to supplant any additional professional development funding.

Regents Universities – HF 820 provided an FY 2010 appropriation of \$80.3 million in ARRA Education Stabilization funds to the Department of Management for distribution to the Regents universities. Senate File 470 (FY 2010 Education Appropriations Bill) made total reductions of \$80.3 million compared to estimated net FY 2009 to the Regents budget units under the control of the Education Appropriations Subcommittee. These federal funds did not offset the Regents FY 2010 reductions from the Economic Development Appropriations Subcommittee and the Agriculture and Natural Resources Appropriations Subcommittee.

During the 2010 legislative session, the three Regents universities received General Fund supplemental appropriations of \$30.4 million in SF 2366 (FY 2010

**FEDERAL STIMULUS FUNDING
AMERICAN RECOVERY AND
REINVESTMENT ACT (Continued)**

Appropriations Adjustments Act) to restore funding for the three Regents universities' general education operations budgets to the FY 2006 level as required by the ARRA maintenance of effort rules.

Community Colleges – HF 820 provided an FY 2010 appropriation of \$23.1 million in ARRA education stabilization funds and \$2.5 million in ARRA government stabilization funds to the Department of Management for distribution to the community colleges. Final State funding for General Aid and salaries in FY 2010 was \$44.1 million less than in FY 2009. For FY 2011, General Aid and salary funding totals \$159.6 million, an increase of \$10.0 million in State funding compared to FY 2010. However, no additional ARRA funding was provided, resulting in an actual funding decrease in FY 2011 of \$15.6 million compared to FY 2010.

Medicaid – HF 811 provided \$110.0 million for FY 2009 and \$144.9 million for FY 2010 to be used to supplement the Medicaid Program. Funding is received through an enhanced Federal Medical Assistance Percentage (FMAP) match of 6.2%. This means the federal government pays an extra 6.2% for every dollar the State spends on the Program. The new federal FMAP rate with the additional federal support is 67.05% for FY 2009 and 69.49% for FY 2010. The additional funds for FY 2009 are currently being collected.

Medicaid – HF 2526 provided \$228.6 million for FY 2010 and \$217.4 million for FY 2011 to be used to supplement the Medicaid Program. Funding is received through an enhanced Federal Medical Assistance Percentage (FMAP) match of 6.2% plus unemployment bonuses. This means the federal government pays an extra 6.2% for every dollar the State spends on the Program plus an extra percentage for an unemployment rate above 5.2% and 6.2%. The estimates also include additional enhanced match for Medicare Part D clawback payments. The General Assembly budgeted on receiving a six month extension of the enhanced FMAP rates through the end of FY 2011. If Congress does not extend the enhanced match the State will need to find an additional \$115.9 million for FY 2011 to fund the Program.

**FEDERAL STIMULUS FUNDING
AMERICAN RECOVERY AND
REINVESTMENT ACT (Continued)**

Justice System – HF 820 provided an FY 2010 appropriation of \$14.0 million in ARRA government stabilization funds to the Department of Corrections prison system and Central Office. The Bill also uses ARRA government stabilization funds to make FY 2010 appropriations of \$180,000 to the Department of Public Defense's Military Division and \$750,000 to the Department of Public Safety.

Related Legislation - Senate File 197 (Unemployment Insurance Modernization Bill) relates to unemployment benefits and brings Iowa into compliance with federal law. This will result in the receipt of one-time additional federal funding of approximately \$70.8 million by the State's enactment of an extended training period, codifying the part-time worker provision, and the State's enactment of an alternative base period. Annual benefit payments from the Unemployment Trust Fund will increase by approximately \$20.2 million annually and General Fund expenses will increase by approximately \$350,000 annually for Iowa Workforce Development administrative expenses.

Contingent Federal Stimulus Funding – HF 2531 (FY 2011 Standing Appropriations Bill) provided a contingent provision that specifies that if an additional ARRA Education Fiscal Stabilization funding is allocated to Iowa, that the funds be appropriated to agencies in the proportion of the FY 2010 ARRA Education Stabilization Funds. This includes:

- To fund up to the FY 2011 State school aid shortfall. The current LSA estimate of the FY 2011 State aid shortfall is \$162.1 million.
- To fund up to \$5.6 million for the State portion of the Instructional Support Program.
- To fund Community Colleges and the Regents Institutions.

DISASTER RECOVERY

History:

During the summer months of 2008, the majority of the State was impacted by severe weather, tornadoes, and flooding.

Governor Culver issued Executive Order Seven that created the Rebuild Iowa Office (RIO) and the Rebuild Iowa Advisory Commission (RIAC). The RIAC met multiple times and issued a 45-day report and a 120-day report including recommendations and suggested action steps in 2008. The reports can be found at <http://www.rio.iowa.gov/index.html>.

The Governor redirected \$40.0 million to address housing needs in storm-impacted communities and to help small businesses damaged by the severe conditions. Additional federal money was available. The Iowa Finance Authority and the Department of Economic Development administer the Jumpstart Iowa Housing Assistance Program and the Jumpstart Iowa Small Business Assistance Program. Information regarding these Programs can be found at <http://www.iowafinanceauthority.gov/> and <http://www.iowalifechanging.com/jumpstart/>.

The General Assembly created the Senate and House Rebuild Iowa Standing Committee and the Rebuild Iowa and Disaster Recovery Standing Committee respectively starting in the 2009 Legislative Session. The enacted legislation can be found at http://staffweb.legis.state.ia.us/lfb/docs/fiscal_facts/Fiscal_Facts_2009.pdf

Please refer to the section on Bonding Bills passed during the 2009 Legislative Session for information on bonding or disaster-related projects.

2010 Legislative Session:

The General Assembly enacted the following legislation relating to the 2008 recovery:

House File 2422 (Disaster Recovery Case Management) directed the Rebuild Iowa Office (RIO) and the Department of Human Services (DHS) to establish a statewide system of disaster case management. Required a Business Disaster Case Management Task Force to make recommendations by November 15, 2010.

DISASTER RECOVERY (Continued)

House File 2294 (Disaster Assistance Fund) created a voucher system for expense reimbursement from the existing Disaster Aid Individual Assistance Grant Fund.

House File 2459 (Watersheds) created a Watershed Planning Advisory Council. Required a water quality and related issues annual report by December 1 of each year. Required the Department of Natural Resources (DNR) and the Department of Agriculture and Land Stewardship to seek funding for watershed demonstration projects.

House File 2531 (2011 Standing Appropriations)

- Included permission for Cedar Rapids to propose a property tax levy for replacement of the public library damaged in 2008. The vote is required by August 2, 2011.
- Included a waiver or repayment of income tax penalty and interest for the 2008 disaster-related casualty losses when Iowa did not couple with federal tax provisions.
- Required the Water Resources Coordinating Council to include water quality in the personal responsibility marketing campaign noting that everyone is responsible for reducing flooding risks. Required the Council to support the formation of an Iowa chapter of the Association of State Flood Plain Managers.
- Required Iowa State University and the Council to educate the general public about flood plains and related risks.
- Appropriates funds for the Linn County administrative building and for the federal courthouse and flood mitigation in Cedar Rapids.

Senate File 2389 (Infrastructure Appropriations Bill)

- Included ten smart planning principles for State and local governments for future growth. Created the I-JOBS II Program that will provide \$30.0 million in grants for disaster prevention projects to communities that incorporate the smart planning principles.

DISASTER RECOVERY (Continued)

- Requires the Department of Management to staff a 33-member Smart Planning Task Force. Requires a report by November 15, 2010.
- Eliminated the Task Force by December 31, 2012.
- Appropriates funding to a variety of disaster-related projects that are delineated in the Bonding Bills summary section.

County-by-county Funding and Expenditures:

In cooperation with the RIO and the State and federal entities receiving 2008 disaster recovery funding, the Legislative Services Agency has developed a county-by-county web-based summary that is updated monthly. As of March 31, 2010, there has been \$3.9 billion committed to recovery costs, from State appropriations, bonding, tax credits, and federal funding. Of that amount, \$1.2 billion has been expended. A detailed chart is available at www.staffweb.legis.state.ia.us/lfb/docs/RIO/RIO_Funds_county.xls.

BONDING UPDATE AND STATUS

The 2010 General Assembly adjusted the bonding authorization that the 2009 General Assembly passed. The 2009 General Assembly passed several bills providing authorization for new bond issuances. Senate File 376 provided for the issuance of revenue bonds and created the I-JOBS Program and Board. The Treasurer of State was authorized for a bond issuance in July 2009 with net proceeds of \$545.0 million.

In

SF 477, the authorization was for net bond proceeds of \$105.0 million from the issuance of appropriation bonds in FY 2011, for a total authorization of \$650.0 million in net proceeds from State bonding issuances. In addition, in SF 474, the 2009 General Assembly provided authorization to the State Board of Regents to issue academic revenue bonds for net proceeds of \$115.0 million. In SF 2389 (FY 2011 Infrastructure Appropriations Act), the 2010 General Assembly adjusted the bonds authorized under SF 477 by changing them from appropriations bonds to revenue bonds, and increasing the amount of net proceeds from \$105.0 million to \$150.0 million, thus increasing the total authorization for State bond issuances to \$695.0 million. Between both legislative sessions and including the additional bond authorization for the State Board of Regents, total new debt authorized is projected at \$909.3 million in principal and \$746.4 million in interest, for total new debt of \$1.66 billion. Actual numbers will be available after the bond issuances.

2009 Interim – Revenue Bonds Issued Per SF 376

In July 2009, the Treasurer of State issued the bonds in accordance with SF 376. The resulting debt was principal \$601.0 million and net interest \$533.0 million, so total new State debt on these bonds is \$1.13 billion. The net debt service will be \$960.8 million because the State is expecting \$118.0 million in federal subsidies on the Build America Bonds (BABs) issued and the bond reserve funds totaling \$54.2 million will be used for some of the final payments. Debt service payments are estimated to be approximately \$43.1 million annually from FY 2011 through FY 2034. The overall interest rate on these bonds was 4.3%.

BONDING UPDATE AND STATUS (Continued)

Note: Under the federal American Recovery and Reinvestment Act of 2009, the BABs are taxable bonds that receive a federal subsidy of 35.0% of the interest payment so the borrowing costs may be lower under BABs than regular tax-exempt bonds. If those bonds are more cost-effective and beneficial to the State, the BABs may be issued. The BABs have the same restrictions as tax-exempt bonds regarding use of the proceeds and may only be issued for the same types of purposes as tax-exempt bonds. The opportunity for issuing BAB is limited by the federal Act and is only available in 2009 and 2010. Of the \$601.0 million in principal in the 2009 revenue bond issuance, \$221.0 million came from BABs.

The funds for the debt service payments for the revenue bonds issued in July 2009 are allocated from wagering tax revenue. Before SF 376, there had been \$80.0 million of wagering tax revenue allocated before the remainder deposited in the Rebuild Iowa Infrastructure Fund (RIIF), in accordance with Code Section 8.57(6)(e). Now there is an additional \$55.0 million allocated for the debt service beginning in FY 2011. The new allocation was higher than what was estimated to be needed in order to maintain a higher bond rating. Therefore, estimated gambling revenue to the State for FY 2011 is \$262.7 million, with \$121.7 million expected to be deposited in the RIIF. The unencumbered balance of \$11.9 million that will not be needed for the debt service on the revenue bonds is slated to be deposited into the RIIF, and is reflected as revenue for FY 2011.

Regents Academic Revenue Bonds

The projected debt on the revenue bonds under the administration of the State Board of Regents that were authorized in SF 474 was principal \$137.2 million, net interest \$115.3 million, total new debt of \$252.5 million as of April 2009. The bonds authorized by the 2009 General Assembly have not been issued yet so actual debt is not available. The State Board of Regents decides when to issue the bonds, and usually does so as needed to provide for the specified projects.

BONDING UPDATE AND STATUS (Continued)

Academic revenue bonds are guaranteed by student tuition fees, but the General Assembly annually appropriates funds to the Board to pay the debt service and minimize tuition increases. The State Board of Regents has advised that without the tuition replacement appropriation, the aggregate increase in tuition fees could be 5.0%. The tuition replacement appropriation provides most of the annual debt service, but a portion of the debt service is paid from reserve fund interest. For FY 2011, the tuition replacement appropriation is \$24.3 million that provides debt service on existing academic revenue bonds.

As of April 2009, when SF 474 was enacted, projections for total debt on all outstanding academic revenue bonds that will include all 2007 authorized bonds once they are issued, is estimated to be \$600.3 million. Of this amount, the total estimated tuition replacement needed is \$503.8 million. Debt service is scheduled through FY 2035. Total debt for academic revenue bonds with the additional 2009 authorized bonding is estimated to be \$852.8 million. Of this amount, total tuition replacement estimated to be needed is \$758.0 million. This is an increase of \$254.2 million compared to the tuition replacement from the 2004 and 2007 bonding authorizations. In addition, debt service payments will continue until FY 2040. The increase in the tuition replacement appropriation will not occur until FY 2013, when the amount needed will be \$29.3 million.

Difference Between SF 477 and the 2010 Legislative Action

Senate File 477 created the Appropriations Bonds Capitals Fund (ABC Fund) to receive the net bond proceeds of \$105.0 million from the issuance of appropriation bonds in FY 2011. The Act appropriated \$5.0 million from the ABC Fund to the Iowa Energy Center for the Alternate Energy Revolving Loan Program and \$100.0 million from the ABC Fund to the new Vertical Infrastructure Restricted Capitals Fund that was for the General Assembly to appropriate. Debt service on the proposed bonds as of March 2010 was estimated to be \$7.5 million per year. The first debt service payment would be in FY 2012 and bonds were planned to have a duration of approximately 22 years, with the last bond payment expected to be in FY 2034.

BONDING UPDATE AND STATUS (Continued)

Estimated debt on the issuance was \$110.0 million in principal (including \$4.1 million in capitalized interest) and \$61.4 million in interest for a total of \$171.4 million in projected debt. The projected interest rate on the appropriation bonds was approximately 4.1%. The General Assembly would have needed to make an affirmative act to appropriate the \$7.5 million debt service payment annually for the duration of the debt.

The revised bond authorization under SF 2389 will be guaranteed with the \$11.9 million unencumbered balance remaining from the \$55.0 million in wagering taxes that are allocated to pay the debt service on revenue bonds issued per SF 376. Beginning in FY 2012, the debt service payments on the new revenue bonds are estimated to be approximately \$11.9 million per year for the period of FY 2012 through FY 2033. Total new debt is projected to be approximately \$269.2 million, with \$171.1 million in principal (including \$6.7 million in capitalized interest) and \$98.1 million in interest. The projected interest rate on the revenue bonds is approximately 4.3%. The existing wagering tax allocation of \$55.0 million to pay for revenue bonds debt service authorized in SF 376 will suffice for payment of the debt service from the FY 2011 bond issuance. The impact from the debt service will be that the \$11.9 million unencumbered balance from the \$55.0 million wagering tax allocation that is slated to deposit in the RIIF will be obligated beginning in FY 2012, thus reducing RIIF revenues by that amount.

Due to the additional amount of debt, an additional \$3.8 million of wagering tax revenue was needed to transfer to a new Revenue Bonds Federal Subsidy Holdback Fund, created in SF 2389. This is to ensure the debt service is covered in the event the federal subsidy on the BAB issued is not received. Once the subsidy is received, the \$3.8 million will transfer to the RIIF. It is anticipated the effect will be revenue-neutral to the RIIF because the federal government has pledged to pay the subsidies. The Treasurer of State is authorized to transfer the funds from the Federal Subsidy Holdback Fund to the RIIF before the end of each fiscal year.

BONDING UPDATE AND STATUS (Continued)

Final Action 2010 General Assembly - \$150.0 Million Net Proceeds

The following table provides the appropriations from the \$150.0 million in net proceeds as enacted by the 2010 General Assembly.

Revenue Bonds Capitals II Fund (RBC2)		Final Action
Dollars in Millions		FY 2011
Resources		<u> </u>
Beginning Balance	\$	0.0
Bond Proceeds		150.0
Total Available Resources		<u>\$ 150.0</u>
Appropriations		
Dept. of Agriculture and Land Stewardship		
Soil Conservation Cost Share	\$	5.9
Conservation Reserve Enhancement Program		2.5
Dept. of Economic Development		
Community Attraction and Tourism Grants		12.0
River Enhancement Community Attraction and Tourism		4.0
ACE Vertical Infrastructure Community Colleges		5.5
Main Street Projects		8.5
NIACC/Mason City Small Business Center		1.5
Kirkwood CC/Cedar Rapids Small Business Center		1.2
Dept. of Education		
Community College Infrastructure		2.0
Iowa Finance Authority - I-JOBS Board		
Targeted Rebuilding - Specified Projects		30.9
I-JOBS II Program - Disaster Prevention Smart Planning Grants		30.0
Dept. of Natural Resources		
Lake Restoration and Dredging Projects		3.0
State Parks Infrastructure Improvements		5.0
Regents		
SUI - Institute for Biomedical Discovery		10.0
Iowa Energy Center - Alternative Energy Revolving Loan		5.0
Dept. of Transportation		
Rail Ports Improvements Economic Development		7.5
Bridge Safety		10.0
Public Transit Infrastructure		2.0
Commercial Airport Vertical Infrastructure		1.5
Treasurer of State		
Watershed Improvement Review Board		2.0
Total Distributions	<u>\$</u>	<u>150.0</u>
Ending Balance	<u>\$</u>	<u>0.0</u>

DEBT COLLECTION

Senate File 2383 relates to the collection of debt obligations owed the State and cities and establishes the Office of the State Debt Coordinator located in the Department of Revenue. Below is an overall summary of the fiscal impact from the Bill.

Program	FY 2011		FY 2012	
	Est. Cost	Est. Revenue	Est. Cost	Est. Revenue
Court Debt Set Off Priority	\$ 10,000	unknown	\$ 0	unknown
County Treasurer Vehicle Reg. Collections	60,000	unknown	0	unknown
Taxpayer Public/Private Utility Customer Match	0	0	0	1,700,000
State Debt Coordinator	290,000	0	270,000	0
Liens in Civil Action	0	unknown	0	unknown
Debt Settlement Program	0	350,000	0	700,000
Assignment of All Debt to the CCU at 30 Days		2,000,000	0	2,000,000
Assignment of Debt to the CCU for One Year	0	0	0	0
Minimum for County Attorney Collections	0	56,000	0	56,000
Debt to Private Debt Collector	0	unknown	0	unknown
Payment on Date of Imposition	0	unknown	0	unknown
Debt Amnesty Program	750,000	3,200,000	0	0
	<u>\$ 1,110,000</u>	<u>\$ 5,606,000</u>	<u>\$ 270,000</u>	<u>\$ 4,456,000</u>

Highlights of the Bill include:

- Moving court debt up in the priority ranking for set offs.
- Allowing the county treasurers to refuse to renew a vehicle registration if the treasurer knows that the person has a delinquent account, charge, fee, loan, taxes, or other indebtedness owed to or being collected by the State beginning January 1, 2011.
- Allowing cities to collect on judgment debt owed.
- Allowing the Department of Revenue to subpoena records of public and private utilities related to any customers that may owe taxes, penalties, interest, and court debt to the State of Iowa.
- Creating the Office of the State Debt Coordinator under the Department of Revenue.
- Allowing for a notice of lien in a civil action.

DEBT COLLECTION (continued)

- Creating the Debt Settlement Program effective January 1, 2011, and repealed on January 1, 2014. Debt must be more than four years old and the person's income must be at or below 200.0% of the federal poverty level.
- Changing the assignment of debt to the Centralized Collection Unit (CCU).
- Establishing a minimum for county attorney collections at \$25,000.
- Changing the private debt collector add-on fee and timing of the debt being placed with the collector.
- Clarifying the payment of a fine at the date of imposition.
- Creating the Debt Amnesty Program effective upon enactment in the Department of Revenue for a period of September 1, 2010, through November 30, 2010. To be eligible for this Program, debt must be more than four years old.

SCHEDULED AND NONSCHEDULED TRAFFIC FINE INCREASES

Senate File 2378 (FY 2011 Justice System Appropriations Bill) increased the fine amount for many scheduled and nonscheduled violations. The Bill established a Public Safety Enforcement Fund and requires the Treasurer of State to allocate \$9.3 million from the Fund to the Department of Corrections (\$3.3 million), Department of Public Safety (\$450,000), Civil Rights Commission (\$100,000), the Judicial Branch (\$5.3 million), and the Department of Justice (\$150,000). This Bill directs \$9.1 million in court receipts and \$235,000 in Crime Victim Compensation Fund receipts to the Fund. The increase in fines is anticipated to generate an additional \$9.1 million in court receipts, \$1.0 million for local governments, and \$441,000 for the Crime Victim Compensation Fund. Of the Crime Victim Compensation Fund amount, \$235,000 is transferred to the Public Safety Enforcement Fund for FY 2011.

The following is a chart of the fines that were increased:

Offense Code	Scheduled and Nonscheduled Violations	Original Fine	New Fine
126.23A(2)-A	Purchase of Pseudoephedrine - 1st Offense	\$100	\$200
321.104(1)	Operation W/Canceled Title or Sus. or Rev. Reg.	\$50	\$100
321.104(2)	Failure to Obtain Mfg. Certificate/Title	\$50	\$100
321.104(3)	Failure to Surrender Plates, Title or Registration	\$50	\$100
321.104(4)	Failure to Deliver Title as Required	\$50	\$100
321.104(5)	Penal Offenses Against title Law	\$50	\$100
321.17	Operating Nonregistered Vehicle	\$30	\$50
321.174	Failure to Have Valid Lic./Permit While Oper. Motor Veh.	\$100	\$200
321.174A	Operation of Motor Vehicle With Expired License	\$30	\$50
321.180	Violation of Instruction Permit Limitation	\$30	\$50
321.180B	Violation of Graduated Drivers License Conditions	\$30	\$50
321.193	Violation of Conditions Of Restricted License	\$30	\$50
321.194	Violation of Conditions of Minors School License	\$3	\$50
321.208(a)	DNU - 24 Hour Out of Service Order Violation	\$100	\$200
321.216	Unlawful Use Of License	\$75	\$100
321.216B	Misuse of Lic or Id Card to Acquire Alcohol	\$100	\$200
321.216C	Misuse of Lic or Id Card to Acquire Tobacco	\$100	\$200
321.219	Permitting Unauthorized Minor to Drive	\$100	\$200
321.220	Permitting Unauthorized Person to Drive	\$100	\$200
321.229	Fail to Comply W/ Order of Peace Officer	\$35	\$100
321.231	Fail of Caution By Driver of Emergency Vehicle	\$35	\$100
321.232	Radar Jamming Devices	\$50	\$100
321.234	Failure to Observe Seating Requirements	\$15	\$25
321.247	Unlawful Golf Cart Operation	\$50	\$100
321.25	Improper Use of Registration Card - 1992	\$50	\$100
321.256	Fail to Obey traffic Control Device	\$35	\$100

SCHEDULED AND NONSCHEDULED TRAFFIC FINE INCREASES (Continued)

Offense Code	Scheduled and Nonscheduled Violations	Original Fine	New Fine
321.257(2)(a)-A	Vehicles Fail to Respond to Steady Red Signal	\$35	\$100
321.257(2)(b)-A	Vehicles Fail to Respond to Yellow Caution Signal	\$35	\$100
321.257(2)(d)	Fail to Yield to Ped. In Crosswalk Under Green Arrow	\$35	\$100
321.257(2)(e)	Fail to Obey Flashing Red Stop Signal	\$35	\$100
321.257(2)(f)	Fail to Respond to Flashing Yellow Caution Signal	\$35	\$100
321.257(2)(g)	Pedestrian Failure to Obey "Don't Walk" Light	\$15	\$25
321.257(2)(h)	Fail to Yield to Pedestrian Within Intersection	\$35	\$100
321.275-A	(1-7)Motorcycle and Motorized Bike Violation	\$25	\$35
321.275-B	(8) Failure To Display Safety Flag	\$15	\$25
321.277A	Careless Driving	\$25	\$35
321.284	Open Container - Driver	\$100	\$200
321.284A	Open Container - Passenger	\$100	\$200
321.285-A	Speeding <55 (1 Thru 5 Over)	\$10	\$20
321.285-B	Speeding <55 (6 Thru 10 Over)	\$20	\$40
321.285-C	Speeding <55(11 Thru 15 Over)	\$30	\$80
321.285-D	Speeding <55(16 Thru 20)	\$40	\$90
321.285-E	Speeding <55 (20 Mph Over +\$5.00 Ea Mile)	\$40	\$100
321.285-F	Speeding >55 (1 Thru 5 Over)	\$20	\$20
321.285-G	Speeding >55 (6 Thru 10 Over)	\$40	\$40
321.285-H	Speeding >55(11 Thru 15 Over)	\$60	\$80
321.285-I	Speeding >55(16 Thru 20)	\$80	\$90
321.285-J	Speeding >55 (Over 20 Mph Over + \$5.00 Ea Mile)	\$90	\$100
321.285-S	Speeding - School Bus (1 Thru 10)	\$35	\$100
321.288	Fail to Maintain Control	\$35	\$100
321.294	Fail to Maintain Minimum Speed	\$35	\$100
321.295	Excessive Speed On Bridge	\$30	\$50
321.297	Driving on Wrong Side of Two Way Highway	\$35	\$100
321.298	Fail to Yield Half of Roadway When Meeting Vehicle	\$35	\$100
321.299	Passing on Wrong Side	\$35	\$100
321.302	DNU - Improper Overtaking on Right	\$50	\$100
321.302	Overtaking and Passing	\$50	\$100
321.303	Unsafe Passing	\$35	\$100
321.304(1)	Passing on Grade or Hill	\$35	\$100
321.304(2)	Passing to Near Bridge, Intersect or RR	\$35	\$100
321.304(3)	Passing Contrary to Highway Sign/Marking	\$35	\$100
321.305	Violating one-way traffic Designation - 1978	\$35	\$100
321.306	Improper Use of Lanes	\$35	\$100
321.307	Following Too Close	\$35	\$100
321.308	Following Too Close (Trucks and Towing Vehicles)	\$35	\$100
321.309	Fail to Use Approved Drawbar	\$25	\$35
321.310	Unlawful Towing of Four Wheeled Trailer	\$25	\$35
321.311	Turning From Improper Lane	\$35	\$100
321.312	Making U-turn on Curve or Hill	\$35	\$100
321.313	Unsafe Starting of A Stopped Vehicle	\$35	\$100
321.314	Unsafe Turn or Fail to Give Signal	\$35	\$100
321.315	Fail to Give Continuous Turn Signal	\$25	\$35
321.316	Fail to Signal Stop or Rapid Deceleration	\$25	\$35
321.317	Signal Light Requirement	\$10	\$20
321.319	Fail to Yield to Vehicle on Right	\$35	\$100
321.32	Fail to Carry Registration Card	\$10	\$20
321.320	Fail to Yield Upon Left Turn	\$35	\$100
321.321	Fail to Yield Upon Entering Through Highway	\$35	\$100
321.322	Fail to Obey Stop or Yield Sign	\$35	\$100
321.323	Unsafe Backing on Highway	\$35	\$100
321.323A	Unsafe Approach to Certain Stationary Vehicles	\$50	\$100
321.324	Fail to Yield to Emergency Vehicle	\$50	\$100
321.325	Pedestrian Disobeying Traffic Control Signal	\$15	\$25

SCHEDULED AND NONSCHEDULED TRAFFIC FINE INCREASES (Continued)

Offense Code	Scheduled and Nonscheduled Violations	Original Fine	New Fine
321.326	Pedestrian Walking on Wrong Side of Highway	\$15	\$25
321.327	Fail to Yield to Pedestrians' Right of Way	\$35	\$100
321.328	Pedestrian Failing to Use Crosswalk	\$15	\$25
321.329	Vehicle Failing to Yield to Pedestrian	\$35	\$100
321.331	Soliciting Ride from W/I Roadway	\$15	\$25
321.332	Unlawful Use of White Cane	\$15	\$25
321.340	Driving in or Through Safety Zone	\$10	\$20
321.341	Fail to Properly Stop at RR	\$35	\$200
321.342	Fail to Obey Stop Sign at RR	\$100	\$200
321.343(1)	Failure to Stop Certain Cargo or Pass. Veh at RR Xing	\$100	\$200
321.343(2)(a)	CMV-Fail to Slow/Check RR Crossing	\$100	\$200
321.343(2)(b)	CMV-Fail to Stop/RR Track Not Clear	\$100	\$200
321.343(2)(c)	CMV-Blocks RR Crossing	\$100	\$200
321.343(2)(d)	CMV-Disobeys Traffic Control at RR	\$100	\$200
321.353	Unsafe Entry onto Sideway or Roadway	\$35	\$100
321.354(1)	Stopping on Paved Part of Highway	\$35	\$100
321.354(2)	Stopping on Traveled Part of Unpaved Highway	\$35	\$100
321.362	Parking W/O Stopping Engine & Setting Brake	\$10	\$20
321.363	Driving W/Obstructed View or Control	\$25	\$35
321.365	Coasting Upon Downgrade	\$25	\$35
321.366	Improper Use of Median, Curb, or Acc Facility	\$50	\$100
321.367	Fail to Maintain Distance From FF Vehicle	\$35	\$100
321.368	Crossing Unproteted Fire Hose	\$35	\$100
321.369	Depositing or Throwing Litter	\$70	\$70
321.37	Fail to Display Registration Plate	\$10	\$20
321.370	Removing Injurious Material	\$70	\$70
321.372(1)	Fail of School Bus Driver to Signal	\$35	\$100
321.372(3)	Unlawful Passing of School Bus	\$100	\$200
321.38	Fail to Maintain Registration Plate	\$10	\$20
321.381	Driving or Towing Unsafe Vehicle	\$50	\$100
321.381A	Improper Operation of Low-Speed Vehicle	\$50	\$100
321.383	Fail you Display Reflect Dev on Slow Moving Vehicle	\$20	\$30
321.384	Fail to Use Headlamps when Required - 1978	\$20	\$30
321.385	Insufficient Number of Headlamps	\$20	\$30
321.387	Improper Rear Lamp	\$50	\$20
321.388	Improper Registration Plate Lamp	\$10	\$20
321.389	Improper Rear Reflector	\$10	\$20
321.390	Included in Section 753.15(2)(1) Reflect. Require.	\$10	\$20
321.392	Improper Clear Lighting on Truck or Trailer	\$10	\$20
321.393	Lighting Device Color and Mounting	\$10	\$20
321.394	No Lamp or Flag on Rear/Projecting Load	\$25	\$35
321.395	Parking on Certain Roadways W/O Parking Lights	\$35	\$100
321.397	Improper Light on Bicycle	\$15	\$25
321.398	Improper Light on other Vehicle	\$20	\$30
321.403	Improper Use of Auxiliary Driving Lights	\$20	\$30
321.404	Improper Brake Light	\$20	\$30
321.404A	Use of Light Restricting Device	\$15	\$25
321.409	Improperly Adjusted Headlamp	\$20	\$30
321.410	Fail to Give Notice of Address/Name Change	\$10	\$20
321.415	Failure to Dim	\$20	\$30
321.419	Improperly Head Lighting when Night Driving	\$20	\$30
321.420	Excessive Number of Driving Lights	\$20	\$30
321.421	Violation of Special Restrictions on Lamps	\$20	\$30
321.422	Lights of Improper Color? Front or Rear	\$10	\$20

SCHEDULED AND NONSCHEDULED TRAFFIC FINE INCREASES (Continued)

Offense Code	Scheduled and Nonscheduled Violations	Original Fine	New Fine
321.423(A)	Unauthorized Use of Emergency Veh Lighting Equip	\$20	\$30
321.423(B)	Fail to Use Flash Signal on Slow Moving Veh	\$20	\$30
321.430	Defective Braking Equipment	\$35	\$100
321.432	Defective audible Warning Device	\$10	\$20
321.433(A)	Unauthorized Use of Emerg Audible Warn Device	\$20	\$30
321.436	Defective or Unauthorized Muffler System	\$10	\$20
321.437-A	Failure to Meet Mirror Requirements	\$10	\$20
321.437-B	Failure to Have Proper Exterior Mirror (Towing)	\$25	\$35
321.438	DNU - Windshield Windows Requirements	\$15	\$50
321.438(1)	Windshield and Window - Obstructed Vision	\$15	\$50
321.438(2)	Dark Window/Windshield	\$15	\$50
321.438(3)	Windshield and Window Requirements	\$15	\$50
321.438-A	DNU -(1, 3) Windshield/Window Requirements	\$15	\$50
321.438-B	DNU-(2) Dark Window/Windshield	\$15	\$50
321.439	Defective Windshield Wipers	\$10	\$20
321.440	Defective Tires	\$10	\$20
321.441	Unauthorized Use of Metal Tire or Track	\$10	\$20
321.442	Unauthorized Use of Metal Proj on Wheels	\$10	\$20
321.444	Fail to Use Safety Glass	\$10	\$20
321.445	Fail to Maintain Safety Belts	\$25	\$50
321.446	Failure to Secure Child	\$25	\$100
321.449	Violation - Motor Carrier Safety Regulations	\$25	\$50
321.449-A	Failure to Comply With Safety Reg. Rules	\$25	\$50
321.449-B	Operation By Unqualified Driver	\$25	\$50
321.449-C	Max. Hours of Service Violation	\$25	\$50
321.449-E	Presence of Alcohol - CMV	\$25	\$50
321.45	Failure to Transfer Title	\$50	\$100
321.450	Violation of Hazardous Materials Transportation	\$100	\$200
321.454	Width Violation	\$100	\$200
321.455	Excessive Side Proj of Load / Passenger Veh	\$100	\$200
321.456	Excessive Height	\$100	\$200
321.457	Excessive Length	\$100	\$200
321.458	Excessive Proj From Front of Vehicle	\$100	\$200
321.46	Failure to Transfer Title Within 15 Days	\$50	\$100
321.460	Spilling On Highway	\$100	\$200
321.461	Excessive Tow/Bar Length	\$25	\$35
321.462	Fail to Use Required Towing Equipment	\$25	\$35
321.48	Violations of Title - Vehicles For Resale	\$50	\$100
321.52	Violations of Title - Out-Of-State Junked, Dismantled, Wrec	\$50	\$100
321.54	Intrastate Hauling on Foreign Registration/1	\$20	\$30
321.55	Intrastate Hauling on Foreign Registration/2	\$30	\$50
321.57	Violation of Special Plate Requirements	\$50	\$100
321.62	Special Plates - Records Violation	\$50	\$100
321.67(1)	No Certificate of Title Upon Disposal - 1993	\$50	\$100
321.67(2)	Failure to Obtain Title on a Motor Vehicle	\$50	\$100
321.91	Abandonment of a Motor Vehicle	\$100	\$200
321.98	Operation W/O Registration	\$30	\$50
321.99	Improper Use of Registration	\$100	\$200
321E.16	Violations of Permit (Except Weight)	\$100	\$200
321L.3	Failure to Return Handicapped Id -	\$100	\$200
321L.4(1)	Improper Use of Handicapped ID Device	\$100	\$200
321L.4(2)	Improper Use of a Handicapped Parking Space	\$100	\$200
321L.7	Failure to Provide Handicapped Parking Space Signs	\$100	\$200
325A.3(5)	Failure to Carry/Exhibit Permit	\$50	\$100

SCHEDULED AND NONSCHEDULED TRAFFIC FINE INCREASES (Continued)

Offense Code	Scheduled and Nonscheduled Violations	Original Fine	New Fine
325A.8	Violations of Required Markings	\$50	\$100
3278.1(A)	No or Improper Carrier Identification	\$50	\$100
326.22	Failure to Display Identification	\$20	\$50
326.23	Violation of Trip Permits	\$20	\$50
321.47	Transfers by Operation of Law	\$30	\$100
321.382	Operating an Underpowered Vehicle	\$15	\$25
321.402	Improper Use of a spot light	\$20	\$30
321.333	Failure to Yield to a Blind Person	\$35	\$100
321.344	Unlawful Movement of Construction Equipment Across RR	\$100	\$200
321.318	Incorrect Hand Signal	\$25	\$35
321.434	Use of Siren or Whistle on Bicycle	\$15	\$25
321.115	Improper use of antique plates	\$30	\$30
321.115A	Replica Vehicle/Street Rod Registration	\$30	\$30
321.386	Insufficient Number of Headlamps - Motorcycles	\$10	\$30
321.421	Violations of Special Restrictions on Lamps	\$20	\$30

COMMERCIAL ANIMAL ESTABLISHMENTS

House File 2280 (FY 2011 Commercial Establishment Act) changes the regulation of nonagricultural animals by the Department of Agriculture and Land Stewardship (DALs). This includes new definitions, fees, and penalties and includes:

- The annual fee for a Certificate of Registration is \$75 for an animal pound, animal shelter, or research facility.
- The annual fee for a State license is \$175 for a boarding kennel, commercial kennel, or a pet shop.
- The annual fee for a State license or permit is \$175 for a commercial breeder or public auction.
- Requires a federal licensee to obtain a State license or permit.
- Specifies fees are collected and deposited into the Commercial Establishment Fund that is maintained by the Department for administration of the Program.
- Details the standard of care to include adequate feed, water, housing, sanitary control, and grooming practices for the animals and specifies required veterinary care requirements.
- Specifies that a research facility, pet shop, boarding kennel, commercial kennel, dealer, commercial breeder, or public auction cannot purchase a dog or cat from a commercial establishment that is not authorized by the Department.
- Outlines the conditions that allow the Department to inspect a commercial establishment and details the disciplinary actions that include:
- Establishes civil penalties and criminal penalties.

Annual fee revenue is estimated at \$335,000 per year and the money will be used to pay for the administration of the Commercial Animal Establishment Program.

HEALTH CARE ACCESS ASSESSMENT

[Senate File 2388](#) creates a Hospital Health Care Access Assessment Program and imposes a Hospital Health Care Access Assessment to non-State-owned hospitals paid on a Prospective Payment System (PPS) basis by Medicare and Medicaid. The Bill is estimated to generate \$40.0 million in revenue from the assessment of which \$20.5 million is used to reimburse the 34 hospitals to the Upper Payment Limit. The net revenue gain for the State in FY 2011 is estimated at \$19.5 million which will be deposited into the Hospital Health Care Access Trust Fund and was appropriated to the Medicaid Program in [House File 2531](#) (FY 2011 Standing Appropriations Act).

HEALTH CARE REFORM

[Senate File 2356](#) creates an interim study regarding premium assistance for individuals with income between 200.0% and 300.0% of the Federal Poverty Level (FPL). The Bill expands the provider network for the current IowaCare Program and directs the Department of Public Health to develop a plan for coordination of care for individuals with diabetes. The Bill creates the Iowa Insurance Information Exchange that is established in the Insurance Division of the Department of Commerce. The fiscal impact of Division II is an estimated cost of \$150,000 for FY 2011 and FY 2012. There is an appropriation made in [House File 2531](#) (FY 2010 Standing Appropriations Bill) from the Iowa Comprehensive Petroleum Underground Storage Tank Fund (UST) of \$150,000 for FY 2011 for the costs of Division II. [Senate File 2201](#) (2010 Insurance Omnibus Bill) permits the Commissioner of Insurance, if necessary, to assess the costs of implementing and maintaining the website information to the health insurance carriers that are licensed in the State of Iowa.

TAX CREDIT REFORM AND REVIEW ACT

[Senate File 2380](#) limits the award of tax credits under several existing tax incentive programs and establishes a framework for periodic review of existing tax credit programs.

By Division, the Bill:

Division I – Intent and purpose of the Act.

Division II – Establishes a ten-member Legislative Tax Expenditure Review Committee appointed by the Legislative Council and establishes a five-year schedule of tax incentive programs for the new Committee to review. The programs, along with the first year they are to be reviewed, are:

- High Quality Jobs Program (2011)
- Research Activities Credit (2011)
- Franchise Tax Credit (2011)
- Earned Income Tax Credit (2011)
- Iowa Fund of Funds Tax Credit (2012)
- Urban Renewal Areas/Tax Increment Financing (2012)
- Urban Renewal Areas/Sales Tax Increment Financing (2012)
- Targeted Jobs Withholding Tax Credit (2012)
- School Tuition Organization Tax Credit (2012)
- Tuition and Textbook Tax Credit (2012)
- Child and Dependent Care Tax Credit (2013)
- Early Childhood Development Tax Credit (2013)
- Endow Iowa Tax Credit (2013)
- Redevelopment Tax Credit (2013)
- Disaster Recovery Housing Tax Credit (2013)
- Film, Television, and Video Production Tax Credit (2013)
- Qualifying Business and Community Development Tax Credits (2014)
- Historic Preservation and Cultural and Entertainment Tax Credit (2014)
- Wind Energy Production Tax Credit (2014)
- Renewable Energy Tax Credit (2014)
- Ethanol Promotion Tax Credit (2014)

TAX CREDIT REFORM AND REVIEW ACT (Continued)

- E-85 Gasoline Promotion Tax Credit (2014)
- Biodiesel Blended Fuel Tax Credit (2014)
- Agricultural Asset Transfer Tax Credit (2015)
- Claim of Right Tax Credit (2015)
- S-Corporation Income Allocation (2015)
- Minimum Tax Credit (2015)
- Assistive Device Tax Credit (2015)
- Charitable Conservation Contribution Tax Credit (2015)
- Motor Vehicle Fuel Tax Credit (2015)
- New Jobs Tax Credit (2015)
- Enterprise Zone Program Tax Credits (2015)

Division III – Reduces the aggregate amount of tax credits the Department of Economic Development may award under a specified group of tax incentive programs in a single year to \$120.0 million, effective FY 2010. The current annual limit is \$185.0 million.

Division IV – Suspends registration of new projects under the Film, Television, and Video Promotion Program until July 1, 2013.

Division V – Alters the Supplemental Research Activities Tax Credit by:

- Increasing the tax credit from 6.5% of eligible expenses to 10.0% for businesses with gross revenues of \$20.0 million per year or less.
- Decreasing the tax credit from 6.5% of eligible expenses to 3.0% for business with gross revenues in excess of \$20.0 million per year.
- Altering the alternative method of calculating the Supplemental Research Activities Tax Credit in a manner consistent with the two bullets above.

Division VI – Reduces the maximum annual amount of tax credits awarded under the Accelerated Career Education Program from \$6.0 million to \$5.4 million, effective FY 2011.

Division VII – Repeals the Economic Development Region Revolving Loan Fund Tax Credit retroactive to January 1, 2010.

TAX CREDIT REFORM AND REVIEW ACT (Continued)

Division VIII - Reduces the maximum annual amount of tax credits awarded under the Endow Iowa Tax Credit Program from \$3.0 million to \$2.7 million, effective FY 2011.

Division IX - Reduces the maximum lifetime amount of tax credits awarded under the Iowa Fund of Funds Tax Credit Program from \$100.0 million to \$60.0 million, effective upon enactment.

Division X - Repeals the Venture Capital Investment Tax Credit retroactive to January 1, 2010. Tax credits are allowed to be issued for any qualified investment made prior to July 1, 2010.

Division VII – Repeals the refundable Investment Tax Credit for value-added agriculture products, effective upon enactment.

Division VIII - Reduces the maximum annual amount of tax credits awarded under the Historic Preservation and Cultural and Entertainment District Tax Credit Program from \$50.0 million to \$45.0 million, effective FY 2013.

Division XIII – Reenacts the Iowa Estate Tax. The reenacted Iowa Estate Tax would only be implemented if the federal government reestablishes the Federal Estate Tax and allows estates impacted by the federal tax to claim a credit against those taxes equal to the payment of State Estate Tax.

Division XIV – Requests that the Legislative Council establish an Enterprise Zone Interim Study Committee during the 2010 Interim.

Division XV – Requests that the Legislative Council establish an Industrial New Jobs Training (260E) Interim Study Committee during the 2010 Interim.

Fiscal Impact of SF 2380 – The following table provides the estimated net General Fund revenue increase associated with the tax credit provisions of SF 2380.

**TAX CREDIT REFORM AND REVIEW ACT
(Continued)**

**Estimate of Reduction in Tax Credit Redemptions &
Increase in Estate Pick-up Tax Collections -
Net General Fund Revenue Increase by Fiscal Year
(\$ in millions)**

Bill Division		FY 2011	FY 2012	FY 2013	FY 2014
III	Aggregate Cap at \$120.0 million	\$ 0.0	\$ 0.0	\$ 3.0	\$ 5.4
IV	Film Suspension	0.0	19.0	35.7	24.8
V	Research Activities	0.0	0.0	0.3	1.0
VI	Accelerated Career Education	0.4	0.4	0.4	0.4
VII	Econ. Develop. Region	0.0	0.0	0.0	0.0
VIII	Endow Iowa	0.1	0.2	0.2	0.2
IX	Fund of Funds	0.0	0.0	0.0	0.0
X	Venture Capital Investment	0.0	0.0	0.0	0.0
XI	Value-added Ag Refundable	4.0	4.0	4.0	4.0
XII	Historic Preservation	0.0	0.0	2.3	5.0
XIII	Estate Pick-up Tax	0.0	28.5	46.2	46.9
		<u>\$ 4.5</u>	<u>\$ 52.1</u>	<u>\$ 92.1</u>	<u>\$ 87.7</u>

EXPENDITURE LIMITATION



In the 1980s and early 1990s, Iowa experienced serious financial problems including tax revenues below expectations; expenditures above budget; and a lack of reserves. The Legislature established spending limits and reformed the budget process restoring fiscal integrity, improving cash flow, and creating balances in reserve funds.

The Governor and the General Assembly have statutory responsibility to balance the budget. In 1992, several statutory reforms were enacted to provide long-term solutions to the State's budget problems. These included the "Expenditure Limitation" laws.

- Spending is limited to 99.0% of adjusted revenues, 95.0% of any new revenue implemented in a fiscal year, and any carryover from the previous year.
- The Governor and the General Assembly are required to use the revenue estimates agreed to by the December Revenue Estimating Conference or a later estimate during the legislative session, if it is lower, as a basis to determine the General Fund budget for the following fiscal year. If the General Assembly holds an Extraordinary Session, the lower estimate applies, and the Governor and the General Assembly are required to use the lower estimate.
- Three reserve accounts or funds have been created: the Cash Reserve Fund; the Generally Accepted Accounting Principles (GAAP) Deficit Reduction Account; and the Economic Emergency Fund (Rainy Day Fund).
- Expenditures from these reserve funds are limited by statute.

**IOWA'S RESERVE FUNDS
(RAINY DAY FUNDS)**

Iowa's reserve funds are comprised of the Cash Reserve Fund and the Economic Emergency Fund. Together, the balance in these funds is projected to total \$204.1 million in FY 2011.

Cash Reserve Fund

- The year-end General Fund Surplus (ending balance) is appropriated to the Cash Reserve Fund. An amount equal to 1.0% of the adjusted revenue estimate is appropriated from the General Fund Surplus to the Senior Living Trust Fund before funds are transferred to the Cash Reserve Fund. If the surplus is less than 2.0% of the adjusted revenue estimate, then the amount appropriated is equal to one-half of the surplus. The appropriation to the Senior Living Trust Fund will continue each year until a total of \$300.0 million has been appropriated. Based on current estimates of the General Fund, a total of \$300.0 million will have been appropriated to the Senior Living Trust Fund by the end of FY 2011.
- The maximum balance the Fund may attain is equal to 7.5% of the General Fund adjusted revenue estimate, as established by the Revenue Estimating Conference (REC).
- Moneys in the Cash Reserve Fund may be used for cash flow purposes but are to be returned by the end of the fiscal year.
- Expenditures from the Cash Reserve Fund are limited to nonrecurring emergency expenditures.
- For FY 2011, \$48.2 million of the FY 2010 General Fund surplus is appropriated to the Senior Living Trust Fund and \$52.5 million to the Cash Reserve Fund.

**Generally Accepted Accounting Principles (GAAP)
Deficit Reduction Fund**

- Unexpended money from the General Fund, after the Cash Reserve Fund target is made, is also deposited to the GAAP Fund.
- Funds are appropriated for the purpose of eliminating the State's GAAP deficit. The (GAAP) Deficit Reduction was eliminated during FY 1995.

IOWA'S RESERVE FUNDS (RAINY DAY FUNDS) (Continued)

- The General Assembly appropriated a total of \$267.4 million from the Cash Reserve Fund for FY 2011. This includes:
 - \$10.6 million to the Executive Council for disaster-related costs.
 - \$54.7 million to the Property Tax Credit Fund.
 - \$187.8 million for Medicaid.
 - \$6.6 million for flood mitigation.
 - \$4.0 million for the Preschool Program.
 - \$2.0 million for the Iowa Power Fund.
 - \$1.7 million for other purposes.

The Economic Emergency Fund

- Established in 1984 and modified in later years.
- The maximum balance the Fund may attain is equal to 2.5% of the General Fund adjusted revenue estimate.
- Once all GAAP obligations are retired, remaining funds are credited to the Economic Emergency Fund.
- Moneys in the Economic Emergency Fund may be used for cash flow purposes but are to be returned by the end of the fiscal year.
- Spending from the Fund is limited to emergency expenditures.
- Allows for an appropriation from the Economic Emergency Fund to reduce a negative ending balance in the State General Fund. The appropriation is limited to \$50.0 million and is contingent on certain circumstances.
- Moneys in excess of the maximum balance are to first be transferred to the Senior Living Trust Fund (SLTF) until the balance of the SLTF reaches \$300.0 million. Once this requirement is met, the excess moneys are transferred to the General Fund. Based on current estimates, this requirement will have been met by the end of FY 2011.

Cash Reserve Fund
(\$ in millions)

	<u>FY 2010</u>	<u>FY 2011</u>
Balance Forward	\$ 465.2	\$ 319.9
Gen. Fund Surplus	0.0	52.5
Total Revenue	<u>\$ 465.2</u>	<u>\$ 372.4</u>
Transfer to Gen Fund	-65.0	0.0
Medicaid		-187.8
Exec. Council Approp	-25.6	-10.6
Prop. Tax Credit Fund	-54.7	-54.7
Other Appropriations		-14.3
Transfer to EFF	0.0	0.0
Ending Balance	<u><u>\$ 319.9</u></u>	<u><u>\$ 105.0</u></u>
<i>Max. 7.5%</i>	\$ 439.2	\$ 407.0

Economic Emergency Fund
(\$ in millions)

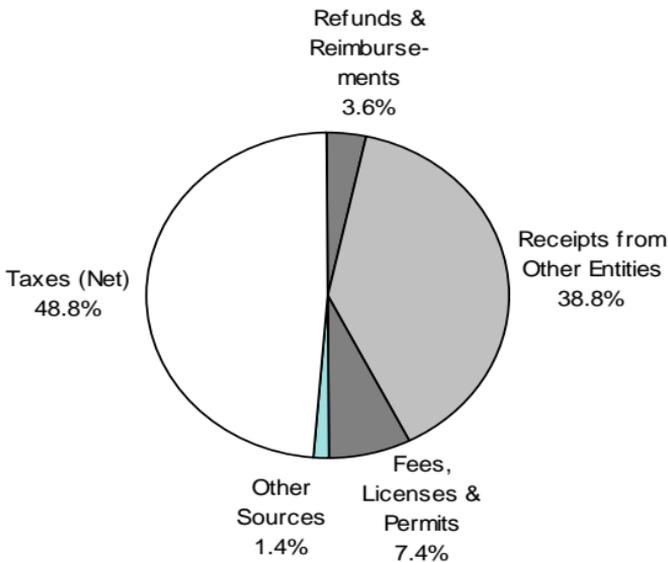
	<u>FY 2010</u>	<u>FY 2011</u>
Balance Forward	\$ 53.8	\$ 99.1
GF Repayment	45.3	0.0
CRF Excess	0.0	0.0
Total Revenue	<u>\$ 99.1</u>	<u>\$ 99.1</u>
Transfer to SLTF	0.0	0.0
Ending Balance	<u><u>\$ 99.1</u></u>	<u><u>\$ 99.1</u></u>
<i>Max. 2.5%</i>	\$ 146.4	\$ 135.7

STATE FUNDING SOURCES

Most State operations are accounted for through governmental fund types (as specified in the Iowa Comprehensive Annual Financial Report). Governmental revenues and other financing sources totaled \$13.2 billion for FY 2009. Net tax receipts increased \$1.016 billion (8.3%) compared to FY 2008. Tax revenue decreased \$173.9 million (-2.6%), receipts from other entities increased \$933.2 million (22.3%), and fees, licenses, and permits increased \$288.2 million (41.8%) compared to FY 2008.

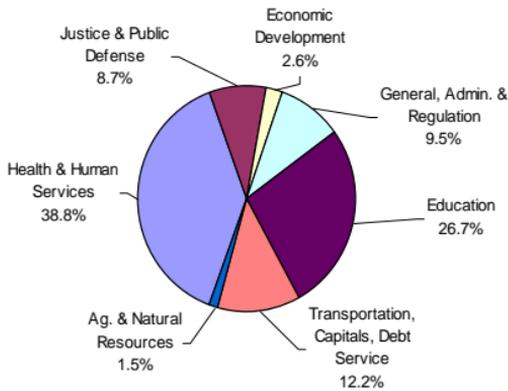
FY 2009 State Revenue Sources

Governmental Revenues & Other Financing Sources
Excludes Refunds

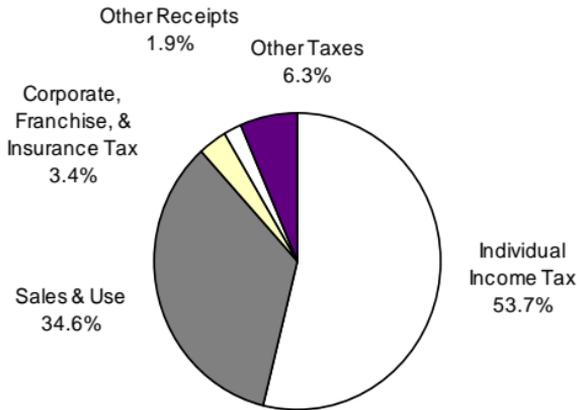


STATE EXPENDITURES GOVERNMENTAL FUNDS

FY 2009 State Governmental Expenditures

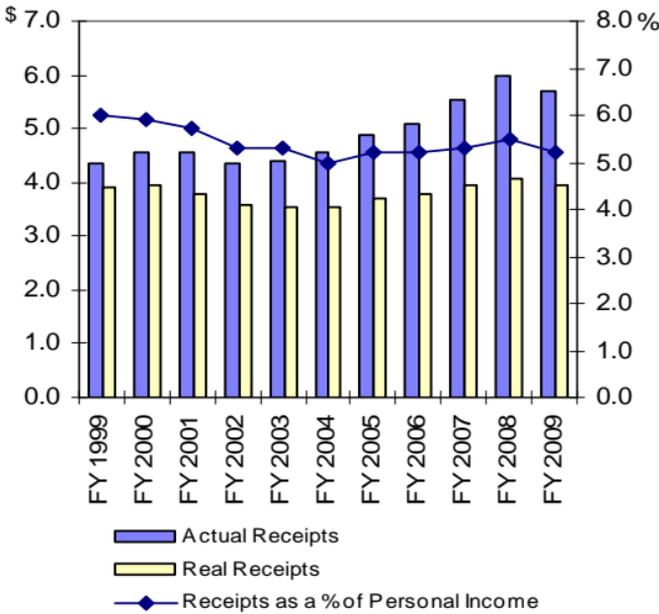


- Includes General Fund and all other governmental funds. (Comprehensive Annual Financial Report)
- Governmental expenditures totaled \$13.1 billion for FY 2009, an increase of \$1.637 billion (14.3%) compared to FY 2008.
- Revenues for FY 2009 exceeded expenditures by \$136.8 million. Net transfers and other financing uses resulted in a negative net Fund balance change of \$461.0 million.

**SOURCES OF GENERAL FUND GROWTH
FY 1999 - FY 2009**

-
- The chart above does not include transfers to the General Fund from other funds, or accrued revenue, and has not been adjusted for refunds.
 - Since FY 1999, growth in personal income tax accounted for 53.7% of the total increase in gross General Fund receipts. Sales and use tax accounted for 34.6% of the total increase. Taxes paid by businesses (corporate income tax, franchise tax, and insurance tax) account for 3.4% of the increase. The percentages in this paragraph have not been adjusted for refunds.

GENERAL FUND RECEIPTS HISTORY
FY 1999 - FY 2009
(\$ in billions)



- Actual General Fund receipts are net of refunds but are not adjusted for accrued revenue or transfers.
- Real receipts are actual net General Fund receipts adjusted for inflation, using the Consumer Price Index - (CPI-U).
- Receipts as a percentage of personal income are actual net receipts divided by personal income. This is a measure of the change in the magnitude of the General Fund relative to the personal income of all Iowans.
- From FY 1999 through FY 2009, Iowa General Fund net receipts grew \$1.362 billion (31.2%). During that same period, Iowa's total State personal income grew \$36.0 billion (48.4%).
- In FY 1999, Iowa General Fund net receipts equaled 5.9% of total State personal income. In FY 2009, General Fund net receipts equaled 5.2% of personal income.
- Adjusted for inflation, General Fund net receipts increased 1.1% from FY 1999 to FY 2009.

**GENERAL FUND EXPENDITURES
SHIFTED TO OTHER FUNDING SOURCES
(\$ in millions)**

	Est. FY 2010	Est. FY 2011
Property Tax Credit Fund	\$ 3.8	\$ -
Cash Reserve Fund	80.3	265.8
Environment First Fund	9.5	3.5
Federal Recovery and Reinvestment Fund (FRRF)*	633.1	325.9
Hospital Health Care Access Trust Fund	0.0	18.9
Human Services Reinvestment Fund	15.8	0.0
IowaCare Account	27.3	27.3
Medicaid Fraud Account	0.0	1.6
Merchant Marine Fund	0.0	0.1
Pharmaceutical Settlement Account	0.0	2.5
Public Safety Enforcement Fund	0.0	0.2
Quality Assurance Trust Fund	0.0	6.4
Rebuild Iowa Infrastructure Fund	65.5	76.0
Revenue Bonds Capitals Fund	7.0	13.0
School Infrastructure Fund	0.0	7.5
Senior Living Trust Fund	48.9	47.6
Special Employment Security Cont. Fund (P & I)	0.0	0.3
Underground Storage Tank Program	0.0	23.7
Total	<u>\$ 891.2</u>	<u>\$ 820.3</u>

* Implementation of the federal American Recovery and Reinvestment Act (ARRA) resulted in various General Fund Appropriations being shifted to the Federal Recovery and Reinvestment Fund.

GENERAL FUND RECEIPTS
(\$ in millions)

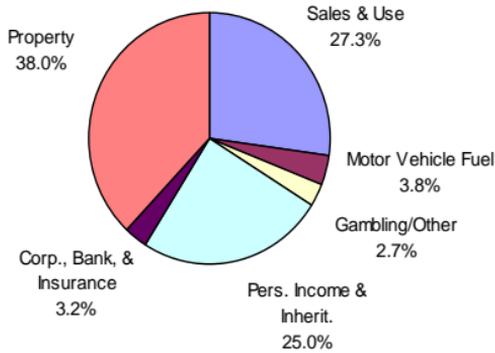
	Estimated FY 2011 REC	Percent of Total Receipts
Tax Receipts		
Personal Income Tax	\$ 3,202.4	47.7%
Sales/Use Tax	2,267.1	33.7%
Corporate Income Tax	369.3	5.5%
Inheritance Tax	69.6	1.0%
Insurance Premium Tax	90.2	1.3%
Cigarette Tax	199.9	3.0%
Tobacco Tax	24.7	0.4%
Beer Tax	14.4	0.2%
Franchise Tax	31.6	0.5%
Miscellaneous Tax	1.3	0.0%
Total Tax Receipts	6,270.5	93.3%
Other Receipts		
Institutional Payments	14.7	0.2%
Liquor Profits	87.2	1.3%
Interest	2.8	0.0%
Fees	32.8	0.5%
Judicial Revenue	114.0	1.7%
Miscellaneous	34.4	0.5%
Racing and Gaming	66.0	1.0%
Transfers	78.5	1.2%
Accruals (Net)	18.50	0.3%
Total Other Receipts	448.9	6.7%
Total Receipts	6,719.4	100.0%
Refunds	1,283.1	19.1%
Net Receipts	\$ 5,436.3	80.9%

REC = Revenue Estimating Conference (March 2010)

Note:

Totals may not add due to rounding.

**DISTRIBUTION OF MAJOR STATE AND LOCAL
TAX SOURCES - ACTUAL FY 2009
(\$ in millions)**



Tax	Rate	Actual FY 2009	Percent of Major Tax Sources
Property	Varies	\$ 4,392.2	38.0%
Individual Income	0.36% - 8.98%	2,722.7	23.6%
Sales & Use	5.00%	2,188.0	18.9%
Local Option Sales	up to 1.00%	663.8	5.7%
Local Option Income	up to 20.0% of state tax	94.2	0.8%
Local Option Hotel/Motel	up to 7.00%	40.0	0.3%
Motor - Fuel	\$ 0.190 to \$0.225	412.7	3.6%
Environ. Prot. Fee	\$0.01 per gallon	20.6	0.2%
Corporate Income	6.00% - 12.00%	251.1	2.2%
Insurance Premium	1.00%	88.4	0.8%
Cigarettes & Tobacco	\$1.36 per pack	238.2	2.1%
Beer & Wine	\$0.19 per gallon	20.9	0.2%
Gambling/Other	Varies	317.0	2.7%
Inheritance	1.00% - 15.00%	73.7	0.6%
Franchise	5.0% of net income	28.7	0.2%
Total		\$ 11,552.2	100.0%

Notes:

Totals may not add due to rounding.

Property tax includes Tax Increment Financing revenue.

Property tax includes gas & utility replacement tax.

Sales/use includes motor vehicle use tax and fee for new registration.

Local Option sales includes the statewide 1% tax for school infrastructure.

Cash Basis - July 1 through June 30.

Receipts are net of refunds.

IOWA'S CASH MANAGEMENT PRACTICES



Iowa's cash is managed by the State Treasurer's Office. To earn the most interest possible, cash is invested as soon as it is collected, while enough cash remains on hand to pay State bills. Funds of State agencies that are temporarily available for investment are pooled together and invested in certificates of deposit, U.S. Treasury bills and notes, and other corporate debt instruments as allowed by law. Investment goals are set by statute:

- Safety - restrictions on types of investments, limits on credit risk, maturities, and use of leverage is prohibited.
- Liquidity - always have the next 60 days of bills funded; purchase liquid securities.
- Yield - core portfolio invested for longer periods; use of laddered maturities.

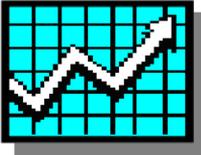
The current size of the investment pool is approximately \$2.4 billion. The realized cash annual rate of return for FY 2009 was 2.40%.

DEBT ADMINISTRATION

The Constitution of the State of Iowa prohibits the State from exceeding a maximum of \$250,000 in general obligation debt without voter approval. However, statute authorizes the issuance of Tax and Revenue Anticipation Notes (TRANS), provided the total issuance does not exceed anticipated revenue receipts for the fiscal year and the total issuance mature during the fiscal year.

- To date in FY 2009 and FY 2010, the State has not issued any TRANS.

DEBT MANAGEMENT



The State of Iowa reported total outstanding debt of \$11.638 billion on June 30, 2009, for all governmental entities. This represents an overall increase of \$692.5 million (6.3%) compared to FY 2008.

Entities that reported increases in debt during FY 2009 include: cities - \$257.0 million (6.3%), counties - \$38.5 million (6.7%), community colleges - \$79.8 million (18.8%), the Board of Regents - \$92.7 million (8.6%), State Authorities - \$57.1 million (2.5%), and school district/AEAs - \$180.3 million (8.2%).

Entities that reported decreases in debt during FY 2009 include: State agencies \$9.2 million (-4.0%) and utility systems - \$3.7 million (-7.3%).

Debt financing is used for a variety of purposes, which include: construction and renovation of public buildings, schools, housing and urban development, utilities, jails and prisons, park and recreational facilities, and local streets and parking lots.

A variety of financing mechanisms are available for use by the State and local units of government for public infrastructure improvements. These include:

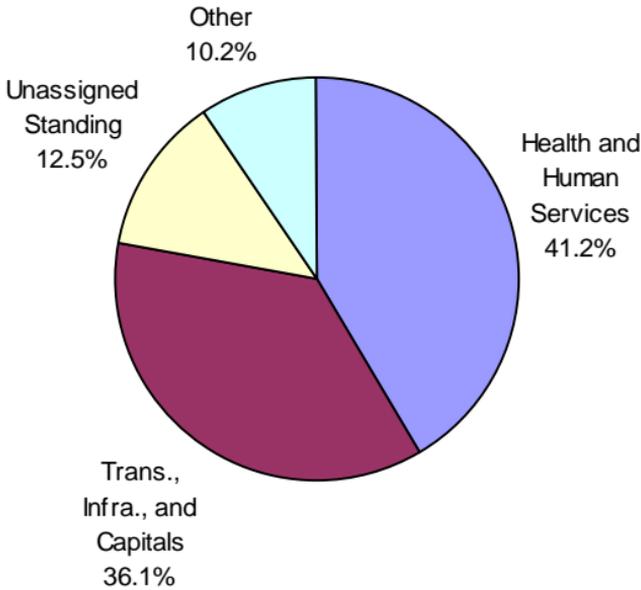
- General obligation bonds
- Revenue bonds
- Certificates of participation (lease purchase)
- Special assessments on property
- Tax increment financing
- Special tax allocation and dedication of revenue sources, such as hotel and motel taxes

IOWA'S BUDGET PROCESS

- The Governor and the General Assembly allocate State resources and set revenue collection levels through the budgeting process.
- The process begins in June of each year for the fiscal year that starts 12 months later on July 1.
- State agencies prepare budget requests within the guidelines set by the Governor and submit their requests by October 1.
- Statute permits agencies to use a “75% modified based budget” method in determining the future fiscal year budget. In this method, 75.0% of the prior year budget is assumed to be recommended and decision packages to reinstate the remaining 25.0% are submitted to the Department of Management. For FY 2007 through FY 2010, this statute has been notwithstanding and agencies are required to submit estimates of their expenditure requirements, including every proposed expenditure. The estimates are to be accompanied by performance measures for evaluating the effectiveness of the program or results.
- The Revenue Estimating Conference meets before December 15 to set revenue estimates that will serve as a basis for the General Fund budget for the following fiscal year.
- The Governor submits annual recommendations to the General Assembly in January.
- By statute, the Governor’s budget must be balanced and must meet expenditure limitations.
- The General Assembly conducts budget hearings during January and February. Recommendations from the seven joint budget subcommittees and the Oversight Committee are passed on to the full Appropriations Committees and to the floor for debate in each chamber.
- The State Constitution permits the Governor line-item veto authority over appropriations bills.



**OTHER FUND APPROPRIATIONS
ESTIMATED FY 2011
(\$ in millions)**



	Est. FY 2011 Appropriations	Percent of Total
Administration and Regulation	\$ 46.2	2.6%
Ag. and Natural Resources	77.0	4.3
Economic Development	23.5	1.3
Education	14.1	0.8
Health and Human Services	739.5	41.2
Justice System	22.0	1.2
Trans., Infra., and Capitals	649.5	36.1
Unassigned Standing	225.0	12.5
Total	1,796.8	100.0%

- Sources of other fund appropriations include, but are not limited to: federal funds, the Road Use Tax Fund, the Primary Road Fund, the Tobacco Settlement Fund, and the Rebuild Iowa Infrastructure Fund.
- "Other" includes Administration and Regulation, Agriculture and Natural Resources, Economic Development, Education, and the Justice System.

SALARY ADJUSTMENT



Salary adjustment is an increase allocated to each State department's personnel services budget to provide funding for such things as Cost of Living Adjustments (COLA), changes in the cost of health insurance premiums, salary annualization, and merit step increases that will take place sometime during the upcoming fiscal year.

For FY 2011, no funds were appropriated from the General Fund to the Salary Adjustment Fund administered by the Department of Management. The estimated FY 2011 General Fund need was identified as \$77.7 million.

Salary annualization is the amount needed to pay for merit step increases that were not included in the prior year's salary adjustment. For example, if an employee received a merit step increase in March 2010, an amount sufficient to pay the merit step increase for three months during FY 2010 would have been included in the FY 2010 salary adjustment. Salary annualization would be included in the FY 2011 salary adjustment for the employee's merit step from July 2010 to March 2011 (nine months).

If all employees had review dates at the beginning of the fiscal year, there would be no salary annualization due to merit step increases. However, if this was the case, the cost of salary adjustment would increase proportionately.

**COLLECTIVE BARGAINING SETTLEMENTS
FY 2010 - FY 2011**

The values listed in the table below are the across-the-board adjustments specified by State employee collective bargaining contracts.

	FY 2010	July 1, 2010	Jan. 1, 2011
AFSCME	0.00%	2.00%	1.00%
JUD. AFSCME	0.00%	2.00%	1.00%
IUP	0.00%	2.00%	2.00%
SPOC	0.00%	1.00%	1.00%
UFI	0.00%	3.00%	0.00%
PPME	0.00%	2.00%	1.00%
COGS	0.00%	0.00%	0.00%
SEIU	1.75%	2.00%	2.00%

Note:

All contracts are effective July 1, 2009, and allow for merit step increases for employees granted merit steps for both FY 2010 and FY 2011.

The Legislature prohibits step increases for non-contract employees for FY 2011 and did not authorize FY 2011 pay increases for non-contract employees.

AFSCME = American Federation of State, County, and Municipal Employees

IUP = Iowa United Professionals

SPOC = State Police Officers Council

UFI = United Faculty of Northern Iowa

PPME = Public Professional and Maintenance Employees

COGS = Campaign to Organize Graduate Students

SEIU = Service Employees International Union/
Tertiary Health Care Unit, University of Iowa

INFRASTRUCTURE FUNDING

Appropriations from infrastructure revenue sources include funding for new construction projects, vertical infrastructure projects, major and routine facility maintenance, environmental projects, and technology projects, as well as debt service on certain bonds. The 2010 General Assembly made appropriations for infrastructure-related projects from the following funding sources:

- Rebuild Iowa Infrastructure Fund (RIIF)
- Technology Reinvestment Fund (TRF)
- Revenue Bonds Capitals Fund (RBC)
- Revenue Bonds Capitals II Fund (RBC2)
- FY 2009 Prison Bonding Fund (PBF)
- Underground Storage Tank Fund (UST)

Primary infrastructure funding sources are the RIIF, the TRF, and the funds from bond proceeds such as the RBC and RBC2. For FY 2011, the RIIF is estimated to have \$154.5 million in total resources, with \$121.7 million coming from wagering taxes. Although a total of \$153.2 million is appropriated from the RIIF for FY 2011, \$73.2 million of that was previously enacted. The 2010 General Assembly appropriated \$80.0 million from the RIIF in SF 2389 (FY 2011 Infrastructure Appropriations Bill).

The 2006 General Assembly created the TRF with the purpose of funding technology improvements for State government and provided a standing appropriation from the General Fund of \$17.5 million. For FY 2009 through FY 2011, the funding source for the TRF was shifted to the RIIF. For FY 2011, that appropriation was reduced to \$10.0 million. Another fund that typically receives appropriations from the General Fund, but for FY 2009 through FY 2011 was shifted to the RIIF is the Grow Iowa Values Fund. Both the TRF and Grow Iowa Values Fund are slated to return to the General Fund in FY 2012.

INFRASTRUCTURE FUNDING (Continued)

The 2010 General Assembly provided a change in the bond authorization from the 2009 Legislative Session by changing the bonds authorized under SF 477 (Phase III Bonding Act, 2009 Session) from appropriation bonds to revenue bonds, and increasing the amount of net proceeds from \$105.0 million to \$150.0 million. For a detailed discussion on the bonding authorization, see the *Legislative Session Overview* section of this publication.

The 2010 General Assembly passed SF 2389 that appropriates funds over three fiscal years as follows*:

INFRASTRUCTURE APPROPRIATIONS in SF 2389 (\$ in millions)

<u>Fund</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
RIIF	\$ 80.0	\$ 16.0	\$ 6.0
TRF	10.1	0.0	0.0
RBC	26.1	0.0	0.0
RBC2	150.0	0.0	0.0
PBF	0.3	0.0	0.0
UST	2.0	0.0	0.0
	<u>\$ 268.5</u>	<u>\$ 16.0</u>	<u>\$ 6.0</u>

Appropriations that were previously enacted are not included in these totals.

*In addition, SF 2389 included out-year funding for FY 2014 and FY 2015 and included \$5.2 million in funding for new economic development programs that will be under the Economic Development Appropriations Subcommittee. These items are not included in this table or discussion.

ENVIRONMENT FIRST FUND

The Environment First Fund was created by the 2000 General Assembly to provide funding for the protection, conservation, enhancement, or improvement of natural resources or the environment.



The Environment First Fund receives an annual appropriation from the Rebuild Iowa Infrastructure Fund (RIIF). The standing appropriation is \$42.0 million per year and the Agriculture and Natural Resources Appropriations Subcommittee appropriates the funds.

For FY 2011, funding was reduced to \$33.0 million, and \$9.9 million was appropriated to the Department of Agriculture and Land Stewardship for conservation programs. Funding for the Soil Conservation Cost Share Program was reduced to \$1.1 million, which was a decrease of \$5.9 million compared to FY 2010. The Department of Natural Resources (DNR) was appropriated \$23.1 million for environmental programs. This included a \$15.0 million appropriation for the Resource Enhancement and Protection (REAP) Fund, which was a decrease of \$3.0 million compared to estimated FY 2010. There was no Environment First Fund appropriation to the Department of Economic Development for the Brownfield Redevelopment Program for FY 2011 compared to the \$500,000 appropriation for FY 2010.

ENVIRONMENT FIRST FUND (Continued)
(\$ in millions)

	FY 2011
Resources	
Rebuild Iowa Infrastructure Fund	\$ 33,000
Expenditures	
Department of Agriculture	
Conservation Reserve Enhancement Program	\$ 1,500
Watershed Protection Fund	1,500
Farm Management Demonstration	750
Agricultural Drainage Wells	1,250
Soil Conservation Cost Share	1,050
Conservation Reserve Program	1,300
Soil and Water Conservation Fund	1,752
Southern Iowa Conservation Dev. Authority	250
Loess Hills Development Authority	500
Total Department of Agriculture	\$ 9,852
Department of Natural Resources (DNR)	
REAP	\$ 15,000
Volunteers and Keepers of the Land	100
Park Operations & Maintenance	2,470
GIS Information for Watershed	195
Water Quality Monitoring	2,955
Water Quality Protection Fund	500
Air Quality Monitoring	425
Animal Feeding Operations	608
Water Quantity Program	495
State Park Volunteers Program	250
Resource Conservation and Development	150
Total DNR	\$ 23,148
Total Expenditures	\$ 33,000

REAP = Resource Enhancement and Protection Fund

TOBACCO SETTLEMENT

On November 20, 1998, 46 states approved a settlement agreement with the four major tobacco industry manufacturers comprising 99.4% of the United States cigarette market. The manufacturers agreed to a settlement valued at \$206.4 billion to be paid over 25 years to settle tobacco-related lawsuits filed by the states.



Iowa will receive approximately \$1.9 billion (0.87%) of the total funds allocated for distribution to the states. From FY 1998 through FY 2001, Iowa received \$144.4 million under the Master Settlement Agreement (MSA). Iowa securitized 78.0% of the payment stream in 2001 and the Tobacco Settlement Authority (TSA) restructured this debt in 2005. As a result, 78.0% of the payments are made to the trustee to pay the bond obligations. The remaining 22.0% is paid directly to the Endowment for Iowa's Health Account. For FY 2009, the balance in the Endowment for Iowa's Health Account (\$21.9 million), is transferred to the General Fund. Beginning in FY 2010 and continuing in succeeding years, after the tobacco payments are deposited into the Endowment, the balance will transfer to the Rebuild Iowa Infrastructure Fund (RIIF).

The following table summarizes the net (spendable) proceeds received or projected to be received by the State from tobacco securitizations since 2001.

**Tobacco Securitization
Net Proceeds
(\$ in millions)**

	Series 2001	Series 2005	Total
Net Proceeds			
Taxable Bonds	\$ 39.6	\$ 50.2	\$ 89.8
Tax-Exempt Bonds	540.0	100.5	640.5
Total	\$ 579.6	\$ 150.7	\$ 730.3

The taxable bond proceeds were deposited in the Endowment for Iowa's Health Account. The tax-exempt bond proceeds were deposited in a series of restricted capital funds that were used primarily to fund large capital projects.

STATUS OF TOBACCO FUNDS

The tax-exempt bond proceeds were deposited in the Restricted Capital Fund (RCF) from the 2001 securitization and in the Endowment for Iowa's Health Restricted Capitals Fund (RC2) from the 2005 restructuring. The funds have been used for a myriad of infrastructure projects around the State over several fiscal years. The bond proceeds and any interest earned needed to be spent within six and five years of the bond issuances for the RCF and the RC2, respectively.

Restricted Capital Fund (RCF) and Endowment for Iowa's Health Restricted Capitals Fund (RC2)

The 2009 General Assembly appropriated the remaining amounts from the RCF and the RC2 in an attempt to take the balances to zero. In order to ensure that the funds would be expended within the timeframe of the tax certificate to comply with the federal Internal Revenue Code, the 2009 General Assembly provided for the transfer of any remaining unencumbered and unobligated balances in the RCF and RC2 to transfer to the DAS for major maintenance at the close of FY 2010. The amount of the transfer that will occur is estimated to be \$650,000 from the interest earned on the funds as well as a reversion in the RCF. The DAS is required to report to the Legislative Services Agency and the Department of Management the amount transferred and how the funds are spent.

Status of Endowment for Iowa's Health Account (Endowment)

With the 22.0% unsecuritized tobacco payments remaining available, the 2009 General Assembly transferred the balance of the Endowment for Iowa's Health Account and the Healthy Iowans Tobacco Trust to the General Fund before the close of FY 2009. Then, the 2009 General Assembly provided that beginning in FY 2010, and continuing in succeeding years, after the tobacco payments are deposited in the Endowment, the balance will transfer to the RIIF. For FY 2011, that amount is estimated to be \$15.9 million.

SENIOR LIVING TRUST FUND

House File 2526 (FY 2011 Health and Human Services Appropriations Bill) provides appropriations totaling \$48.3 million from the Senior Living Trust Fund to the Iowa Finance Authority (IFA) and the Departments on Aging and Human Services (DHS) for FY 2011 as follows:

- \$39.1 million to the DHS for the Medical Assistance (Medicaid) Program.
- \$8.5 million to the Department on Aging for the Senior Living Program.
- \$700,000 to the IFA for the Rent Subsidy Program.

It is estimated that at the close of FY 2011, the Fund will have an ending balance of zero as shown in the table on the following page.

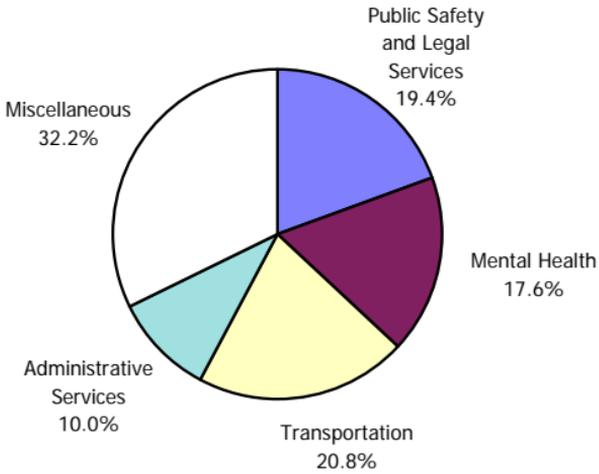
SENIOR LIVING TRUST FUND (Continued)

Senior Living Trust Fund
(\$ in millions)

	<u>Estimated FY 2011</u>
Revenues	
Beginning Balance	\$ 0.0
General Fund Transfer	48.3
Economic Emergency Fund Transfer	0.0
Interest	0.0
Total Revenues	<u>\$ 48.3</u>
Expenditures	
IFA - Rent Subsidy Program	0.7
Department of Human Services Medicaid	39.1
Department on Aging Senior Living Program	8.5
Total Expenditures	<u>\$ 48.3</u>
Ending Balance	<u><u>\$ 0.0</u></u>

IFA = Iowa Finance Authority

**BUDGETED COUNTY
EXPENDITURES
FY 2009**



Budgeted County Expenditures	Estimated FY 2009
Public Safety and Legal Services	\$ 401.6
Mental Health	364.2
Transportation	430.2
Administrative Services	207.7
Miscellaneous	
State & Local Gov't. Services	71.3
Physical Health and Social Services	200.0
County Environment	124.5
Debt Service	63.2
Capital Projects	200.0
Other	7.1
Total	\$ 2,069.8

Note:

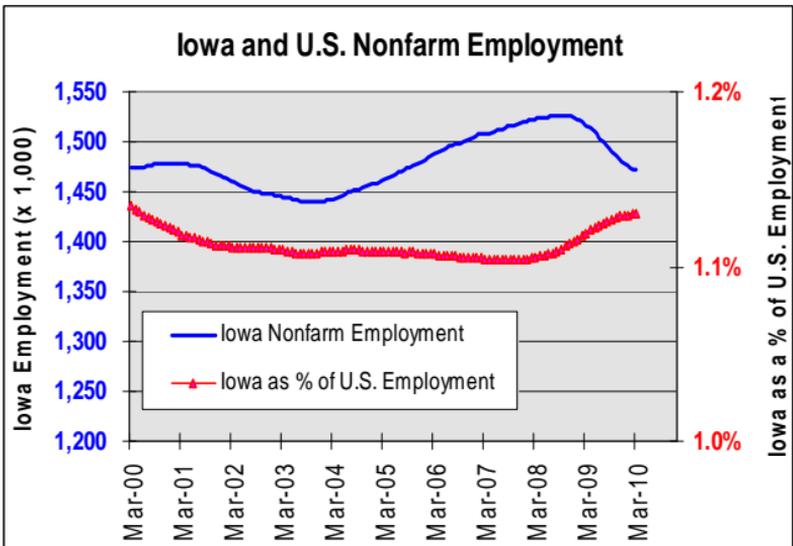
The FY 2009 ending fund balances for all counties is estimated to be \$456.1 million.

ECONOMIC SUMMARY

Iowa non-farm employment was reported at 1,458,000 for the month of March (not seasonally adjusted), 15,000 lower (- 1.0%) than March 2009.

Iowa's 12-month average employment is presented in a graph below. The average non-farm employment pre-recession peak was January 2001 (1,478,700), and the 2001-2002 recession low was September 2003 (1,439,900), a decline of 2.6%, peak to trough. The 12-month average peaked again in October 2008, 47,700 above the 2001 peak and 86,500 above the recession low. The current 12-month average reading is now 1,471,600 so annualized Iowa non-farm employment is 54,800 (- 3.6%) below the October 2008 peak.

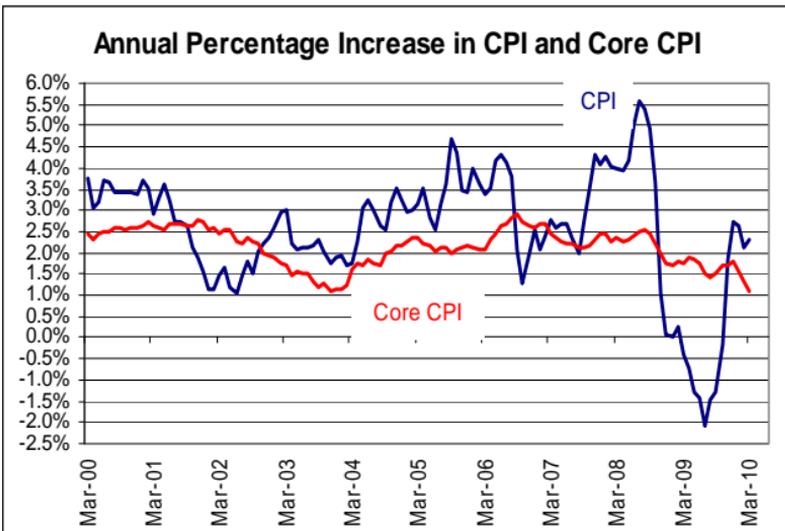
The chart below also presents Iowa non-farm employment as a percent of U.S. non-farm employment. Iowa's share of national non-farm employment decreased noticeably from 1998 through 2002. The decline continued at a much slower pace from 2002 through 2007. Iowa's share of U.S. non-farm employment has been expanding since February 2008 as the rate of economic decline nationally has exceeded the rate of decline in Iowa.



ECONOMIC SUMMARY (Continued)

The Consumer Price Index (CPI-U) through March 2010 was 217.6 (1983/84=100). The annual rate of inflation peaked at 5.6% in July 2008 and decreased rapidly in the following months. After posting negative readings for eight consecutive months of 2009, the annual rate now stands at 2.3%.

Core CPI, an inflation measure excluding food and energy expenditures, is reported at 1.1%, year-over-year, considerably below its long-term trend. The core inflation rate declined considerably from the early 1990s through January 2004 when the rate bottomed at 1.1%. The core inflation rate accelerated from that point, with most readings between 2.0% and 3.0%. With the onset of the recent recession, the annual core inflation rate has declined and has now been below 2.0% for 16 months. For the two components excluded from the core rate, energy prices are up 18.3% year-over-year while food prices are up 0.3%.



PAYING FOR PUBLIC EDUCATION THE IOWA SCHOOL FOUNDATION FORMULA

The Iowa School Foundation Formula was created between 1970 and 1972, for the school year beginning July 1, 1972. This Formula is a student-driven financing mechanism that works to equalize revenues from State sources and property taxes. The Formula was revised in 1989 to equalize per pupil spending, provide an enrollment cushion (phantom students), increase property tax relief, and provide for increased local discretion. In 1992, further revisions to the Formula included eliminating advanced funding for increasing enrollment, eliminating the enrollment decline cushion (phantom students), and requiring the Governor and General Assembly to establish the allowable growth rate each year, which was previously established by a formula.



In the 1995 Session, the determination of allowable growth was changed again. The General Assembly is required to set allowable growth two years in advance and within 30 days of the submission of the Governor's budget.

School districts with declining enrollments have been eligible to receive additional funding, called a "budget guarantee." During the 2001 Legislative Session, the budget guarantee was changed beginning in FY 2005; it was no longer based on the previous year's total regular program district cost (regular program cost plus budget guarantee). Now school districts with declining enrollments are eligible for one of two options. They receive the higher of:

- 101.0% budget adjustment based on the previous year's regular program district cost without any previous budget guarantee adjustment.
- A step-down budget guarantee based on a percentage of the FY 2004 total regular program district cost. For FY 2005, the percentage was 90.0%. This percentage will be scaled down 10.0% each year until FY 2014. In FY 2011, the scaled-down percentage is 30.0%.

**PAYING FOR PUBLIC EDUCATION
THE IOWA SCHOOL FOUNDATION FORMULA
(Continued)**

In the 2006 Legislative Session, the School Foundation Formula was modified to increase the English as a Second Language Program weighting for an additional year and a provision was included to buy down the additional levy property tax rates in the school districts with the highest Foundation property tax rates. There was a \$6.0 million appropriation for the property tax rate buy-down in FY 2007. The appropriation was increased \$6.0 million annually until it reached \$24.0 million in FY 2010 and subsequent years.

The additional levy rate buy-down has no impact on the total amount of funding received by the school districts.

During the 2007 Legislative Session, the supplementary weightings for school districts that whole grade share and that reorganize after whole grade sharing and the uniform levy rate reduction incentive for school districts that merge or dissolve was reactivated. New supplementary weightings were added to the School Foundation Formula for shared operational functions and use of Iowa Communications Network (ICN) virtual classes. These new supplementary weights are estimated at approximately \$2.9 million for FY 2009.

Also during the 2007 Legislative Session, the statewide Voluntary Preschool Program for four-year-olds was created. Four-year-old students are eligible unless they are participating in a preschool program already funded by State or federal funds. Appropriations of \$15.0 million per year for FY 2008 through FY 2010 and \$16.2 million for FY 2011 were made for initial start-up of the local programs. However, due to state budget constraints, the appropriation for FY 2010 was lowered to \$11.5 million. The funding for the second and subsequent years is driven by the prior year's preschool budget enrollment in a manner similar to the School Foundation Formula. The "Preschool Foundation Aid" is the product of 60.0% of the actual enrollment of eligible preschool students from the previous October 1 count multiplied by the State cost per pupil from the School Foundation Formula. The FY 2011 Preschool Foundation Aid is estimated to be \$48.2 million.

**PAYING FOR PUBLIC EDUCATION
THE IOWA SCHOOL FOUNDATION FORMULA
(Continued)**

The Program's funding is accounted for separately from School Foundation Aid by the school districts, even though payments are made through the School Foundation standing unlimited appropriations, and the pre-school pupils are not counted in the school districts' regular budget enrollments. The Program does not include a property tax component.

During the 2008 Legislative Session the following changes were made that impact the school foundation formula:

- Home School Assistance Program Weight Reduction – The weight generated by resident students receiving competent private instruction from licensed staff provided by the public school district was reduced from 0.6 to 0.3 retroactive to October 2007. This adjustment reduces school district budget enrollments and for FY 2009, reduces enrollment counts by 1,446. The estimated impact in FY 2009 due to the reduction is approximately a decrease of \$7.3 million in State aid to local school districts.
- Enactment of HF 2663 (State Sales/Use Tax for School Infrastructure Act) will provide additional property tax relief through the school aid formula beginning in FY 2011.
- Passage of the State Categorical Funding School Aid Formula will provide funding for the Student Achievement/Teacher Quality (SATQ) Teacher Compensation Program and Educational Excellence Phase II, SATQ Professional Development, and Early Intervention Class Size Reduction beginning in FY 2010 on a per-pupil-basis through the school aid formula. Beginning in FY 2011, per-pupil funding for these programs will be increased based on an allowable growth rate to be set by the General Assembly.

**PAYING FOR PUBLIC EDUCATION
THE IOWA SCHOOL FOUNDATION FORMULA
(Continued)**

The 2001 General Assembly reduced the FY 2002 funding Area Education Agencies (AEAs) received through the Formula by \$7.5 million and later codified this reduction making it permanent. Beginning with FY 2004, the General Assembly made additional reductions to the AEA budgets:

- FY 2004—\$10.0 million (plus \$1.8 million for the across-the-board reduction).
- FY 2005—\$11.8 million
- FY 2006—\$11.8 million
- FY 2007—\$8.0 million
- FY 2008—\$5.3 million
- FY 2009—intent language that the reduction be no more than \$2.5 million
- FY 2010—\$2.5 million
- FY 2011—\$2.5 million

The AEAs have been allowed to shift funding for the Special Education Services Program from the Media Services Program and the Educational Services Program in order to maintain the level of services required for the Special Education Support Services Program.

Due to the national recession and a decline in State revenues, the Governor ordered an across-the-board General Fund reduction of 1.5% for FY 2009 through Executive Order 10. The overall school aid reduction for FY 2009 totaled \$33.4 million. Of the reduction, \$31.9 million was a reduction in State aid to school districts and \$1.4 million was to AEAs.

During the 2009 Legislative Session, the General Assembly approved the use of American Recovery and Reinvestment Act (ARRA) Education Stimulus funding to eliminate the need for additional State aid reductions. For FY 2009, the General Assembly used \$40.0 million in ARRA Education Stimulus funding in lieu of \$40.0 million in State aid. For FY 2010, the General Assembly maintained the 4.0% allowable growth established during the previous Legislative Session, but capped the

**PAYING FOR PUBLIC EDUCATION
THE IOWA SCHOOL FOUNDATION FORMULA
(Continued)**

appropriation for State school aid at \$2.588 billion and used \$202.5 million in ARRA Education Stimulus in lieu of State General Fund dollars. FY 2010 was also the first year that the State Categorical Supplements (teacher salary, professional development, and early intervention) were funded through the school aid formula. The General Assembly specified that despite the overall cap on State aid, these supplements would be fully funded at \$309.0 million.

On October 8, 2009, Executive Order 19 was implemented reducing State General Fund expenditures by 10.0% for FY 2010. The reduction to State aid to school districts totaled \$238.5 million. The across-the-board reduction to school districts totaled \$227.2 million and the reduction to Area Education Agencies totaled \$11.3 million. The reduction reduced the State aid total for FY 2010 to \$2.349 billion.

FY 2011 School Aid

The FY 2011 School aid allowable growth rate and the FY 2011 State categorical supplement allowable growth rate were established each at 2.0% during the 2009 Legislative Session. The 2010 General Assembly did not change the FY 2011 allowable growth rates.

House File 2531 (FY 2011 Standing Appropriations Bill) capped the State aid appropriation for State school aid at \$2.499 billion, and included \$5.1 million from the Underground Storage Tank Fund to be used in lieu of General Fund dollars. The FY 2011 State school aid total is an increase of approximately \$150.2 million compared to the estimated adjusted State aid funding for FY 2010 (comparisons include American Recovery and Reinvestment Act (ARRA) Federal Education Stimulus funds used in lieu of State General Fund dollars). The amount of State aid funded for FY 2011 (\$2.499 billion) is estimated to be approximately \$162.1 million short of fully funding the State aid portion of \$2.661 billion. The LSA estimates that of the \$162.1 million shortfall, \$159.6 million will be absorbed by school districts and \$2.5 million will be absorbed by area education agencies (AEAs).

**PAYING FOR PUBLIC EDUCATION
THE IOWA SCHOOL FOUNDATION FORMULA
(Continued)**

Although the State portion of school aid to school districts may not be fully funded, school districts maintain spending authority on the shortfall amount and have authority to spend those funds through loans or cash reserve funds, and may recoup them through property taxes in the future. The Bill also specified that funding for the State Categorical Supplements totaling \$314.9 million not be adjusted as a result of the FY 2011 State aid shortfall.

House File 2519 (FY 2011 Federal Block Grant Bill) appropriated a total of \$47.9 million (\$25.3 million from the ARRA Education Fiscal Stabilization Fund and \$22.6 million from the ARRA Government Services Stabilization Fund) to be used in lieu of State General Fund dollars for State school aid.

The estimated State aid increase for FY 2011 totals \$150.2 million and includes:

- An increase of \$21.2 million for regular school aid.
- An increase of \$14.9 million for preschool formula aid. The increase is due to the increase in the allowable growth rate and an increase in the preschool formula weighting due to the addition of new programs.
- An increase of \$5.9 million for the State categorical supplements. This increase includes:
 - Teacher salary supplement - \$4.8 million
 - Professional development supplement - \$0.5 million
 - Early intervention supplement - \$0.6 million
- A change in State aid adjustments totaling \$257.7 million.
- A change in American Recovery and Reinvestment Act (ARRA) funding totaling negative \$154.6 million.
- An increase of \$5.1 million from the Underground Storage Tank (UST) Fund.

**PAYING FOR PUBLIC EDUCATION
THE IOWA SCHOOL FOUNDATION FORMULA
(Continued)**

The estimated school aid formula property tax is estimated to increase by approximately \$23.8 million. This includes an adjustment of \$25.4 million from the Property Tax Equity and Relief (PTER) Fund that will reduce property taxes in 149 school districts. FY 2011 is the initial fiscal year that these sales/use tax revenues for school infrastructure purposes deposited in the PTER fund will be used for property tax relief through the school aid formula. Additionally, the total combined district cost which represents school district budgets without adjustments for any State aid reductions, is estimated to increase by \$75.2 million in FY 2011.

FY 2012 School Aid

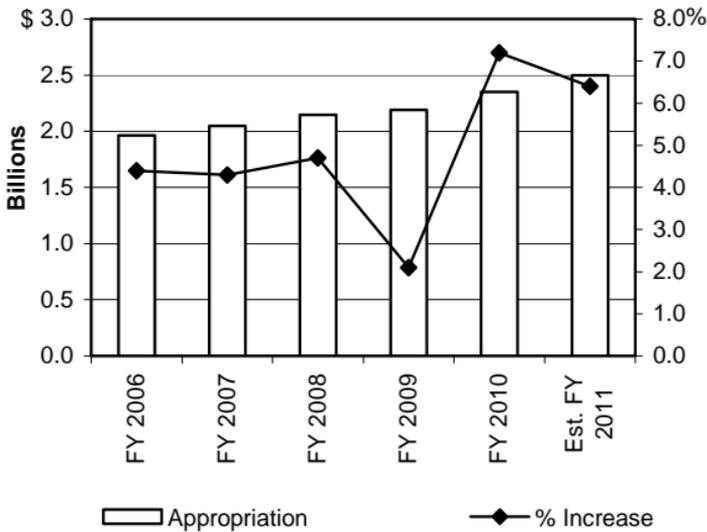
The General Assembly passed and the Governor signed SF 2045 (FY 2012 Regular School Aid Allowable Growth Act) and SF 2046 (FY 2012 State Categorical Supplement Allowable Growth Act). These Acts postponed the establishment of the FY 2012 allowable growth rates until the 2011 Legislative Session.

**FY 2011 State School Aid Funding and LSA
Current Estimates Based on HF 2531
(FY 2011 Standings Appropriations Bill - Final Action)
(Dollars in Millions)**

	Estimated FY 2010	FY 2011 - Standings Bill	FY 2011 Standings Bill vs. 2010
Total Regular School Aid	\$ 2,276.9	\$ 2,298.1	\$ 21.2
Preschool Aid	\$ 33.3	\$ 48.2	\$ 14.9
Teacher Salary Supplement	251.3	256.0	4.8
Professional Development Supplement	28.5	29.0	0.5
Early Intervention Supplement	29.3	29.8	0.6
Total State Categorical Supplement	\$ 309.0	\$ 314.9	\$ 5.9
Total School Aid Prior to Adjustments**	\$ 2,619.2	\$ 2,661.2	\$ 42.0
State Aid Shortfall	-31.7	-159.5	
State Aid Change for ARRA Funding	-202.5	-47.9	
Underground Storage Tank (UST) Funding	N.A.	-5.1	
FY 2011 AEA Additional Reduction	N.A.	-2.5	
State Aid Reduction due to ATB Reduction	-238.5	N.A.	
Total State Aid Adjustments	\$ -472.7	\$ -215.0	\$ 257.7
Total State Aid From State General Fund	\$ 2,146.5	\$ 2,446.1	\$ 299.7
ARRA Education Stimulus	\$ 202.5	47.9	\$ -154.6
UST Funding	N.A.	5.1	5.1
Total School Aid - All Sources	\$ 2,349.0	\$ 2,499.2	150.2
Unfunded State School Aid	270.2	162.1	

FY 2011 Standings Bill estimate also includes adjustments made in the FY 2011 Federal Block Grant Bill. **Estimated amount required to fully fund State's portion of the school finance formula.

K-12 STATE AID GENERAL FUND APPROPRIATIONS

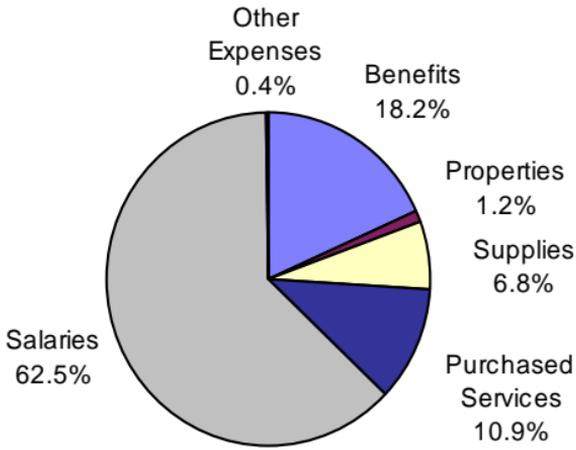


	Appropriations	Change	Percent Change
FY 2006	1,963,203,523	81,929,759	4.4%
FY 2007	2,048,342,992	85,139,469	4.3%
FY 2008	2,145,614,028	97,271,036	4.7%
FY 2009	2,191,063,007	45,448,979	2.1%
FY 2010	2,349,004,670	157,941,663	7.2%
Est. FY 2011	2,499,157,875	150,153,205	6.4%

Notes:

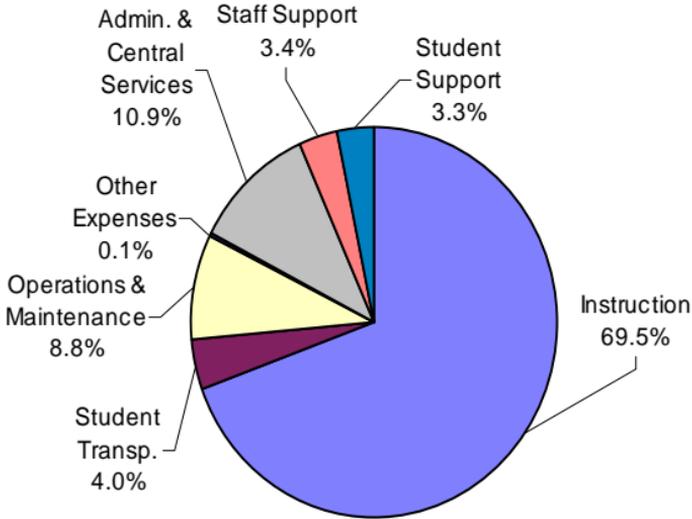
1. FY 2009 - FY 2011 includes Preschool Foundation Aid.
2. FY 2009 includes a 1.5% across-the-board adjustment that resulted in a reduction of \$33.4 million. The amount displayed also includes \$40.0 million from the American Recovery and Reinvestment Act (ARRA) Education Stimulus Funding.
3. FY 2010 is based on a capped appropriation amount and adjusted for a 10% across-the-board reduction. Beginning in FY 2010, the State categorical supplements are funded through the school aid formula (\$309.0 million) and are included in the total appropriation amount. Additionally, the total includes \$202.5 million from the ARRA Education Stimulus funding.
4. FY 2011 is based on a capped appropriation amount. Additionally, a total of \$47.9 million of ARRA funding and \$5.1 million of Underground Storage Tank (UST) funds were used in lieu of State General Fund dollars.

**GENERAL OPERATING EXPENDITURES
K-12 FOR IOWA SCHOOL YEAR 2007 - 2008**



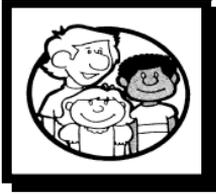
-
- From FY 1998 to FY 2008 expenditures for salaries decreased 2.3% and expenditures for benefits increased 2.7% as a percentage of total operating fund expenditures.

**GENERAL OPERATING EXPENDITURES K-12
BY FUNCTION FOR IOWA SCHOOL YEAR
2007-2008**



- Statewide average administrative expenditures for FY 2008 are 10.9% of total operating fund expenditures. This is a decrease of 0.1% compared to FY 2007.

HUMAN SERVICES PROGRAMS



The Department of Human Services is projected to spend more than \$4.0 billion for all programs, including Medical Assistance, the Family Investment Program, and the Food Stamp Program during FY 2011 (all funding sources). Federal and other nongeneral funds are projected to account for approximately 70.0% of these expenditures. The Medical Assistance Program is projected to serve an average of 381,397 individuals per month during FY 2011. The Family Investment Program is projected to serve an average of 17,505 households each month. The Food Stamp Program is projected to serve an average of 362,582 persons each month during FY 2011.

The Family Investment Program (FIP) provides direct cash grant assistance to needy families when the children are deprived of parental care or support due to absence, death, incapacity, or unemployment of one or both parents. In FY 1997, the federal government began to block grant \$131.5 million to Iowa annually from the Temporary Assistance for Needy Families (TANF) Block Grant. Revenues from child support recoveries also finance the Program. The Program was created in FY 1994 as part of a welfare reform effort that changed the structure and benefits of the previous Aid to Families with Dependent Children (AFDC) to reduce economic disincentives to employment.

The Supplemental Nutrition Assistance Program (SNAP) is a federally-funded program administered by the U.S. Department of Agriculture with the goal of preventing hunger and malnutrition. Recipients of the Family Investment Program are automatically eligible for food stamps. Individuals or families may also qualify for food stamps without receiving Family Investment Program benefits.

HUMAN SERVICES PROGRAMS (Continued)

The Child Support Recovery Unit is responsible for collecting child support for families receiving FIP benefits and other families requesting assistance. Other activities include establishing paternity and child and medical support orders, locating absent parents, and reviewing and adjusting support orders upon the request of either parent.

The Medical Assistance Program pays for low-income aged, blind, and disabled citizens, residents of institutions, and other low-income Iowans that meet certain criteria. Federal law requires coverage of specified services and eligibility groups. In addition, the State of Iowa is currently covering most of the optional services and eligibility groups for which federal matching funds are available.

The State Children's Health Insurance Program began in FY 1999, including an expansion of medical assistance eligibility for children of families with incomes up to 133.0% of the federal poverty level and coverage up to 300.0% of the federal poverty level in the Healthy and Well Kids in Iowa (hawk-i) using private insurance coverage.

The Foster Care Program provides 24-hour temporary care for children unable to remain in their own homes, while offering services to families and children to implement plans for permanent placement.

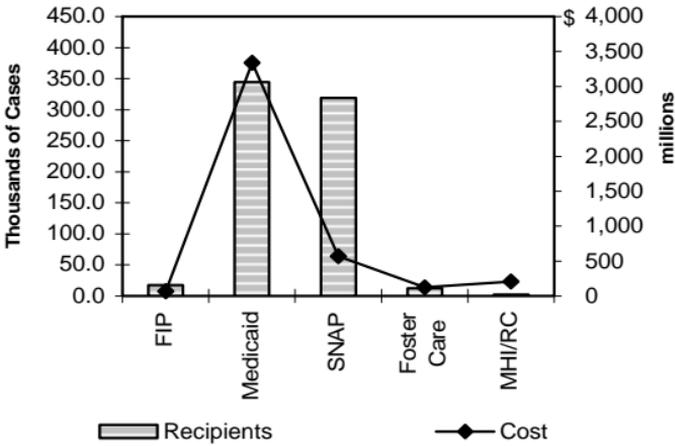
The four mental health institutes, located in Cherokee, Independence, Clarinda, and Mount Pleasant, provide critical access to quality acute psychiatric care for Iowa's adults and children needing mental health treatment, and provide specialized mental health related services. The specialized services include substance abuse treatment, dual diagnosis treatment for persons with mental illness and substance addiction, psychiatric medical institute for children (PMIC), and long-term psychiatric care for the elderly (gero-psychiatric). The institutes also provide limited outpatient services. Two of the institutes, Clarinda and Mount Pleasant, share campuses and select support resources with adult correctional facilities operated by the Department of Corrections.

**HUMAN SERVICES
PROGRAMS (Continued)**

The two resource centers, located in Glenwood and Woodward, provide a variety of treatment and outreach services to individuals with mental retardation or other developmental disabilities. The facilities assist residents to reach their individual goals so they can live in the least restrictive environment of their choice.

The Civil Commitment Unit for Sexual Offenders (CCUSO) provides a secure, long-term, and highly structured environment for the treatment of sexually violent predators. Patients who have served their prison terms but in a separate civil trial have been found likely to commit further violent sexual offenses. Established in 1999, CCUSO is located on the campus of the Cherokee Mental Health Institute.

HUMAN SERVICES MAJOR PROGRAM FUNDING



* Foster Care = Family Foster Care, Group Care, & Adoption Subsidy

	Average Monthly Recipients Per Program	Total Program* Cost
FIP (Households)	17,505	\$ 69,379,067
Medicaid	381,397	3,337,471,739
SNAP	362,582	569,909,540
Family Foster Care	2,424	22,249,062
Group Care	987	33,245,660
Adoption Subsidy	9,002	38,676,577
MHI/RC	681	206,841,624

NOTES:

The number of recipients per program may be overestimated. Recipients may participate in more than one program causing the number of cases shown here to be inflated.

*Total Program Costs include additional funding from the American Reinvestment and Recovery Act of 2009.

FIP = Family Investment Program

MHI/RC = Mental Health Institutes/Resource Centers

SNAP = Supplemental Nutrition Assistance Program

CHILDREN'S HEALTH INSURANCE (CHIP) PROGRAM

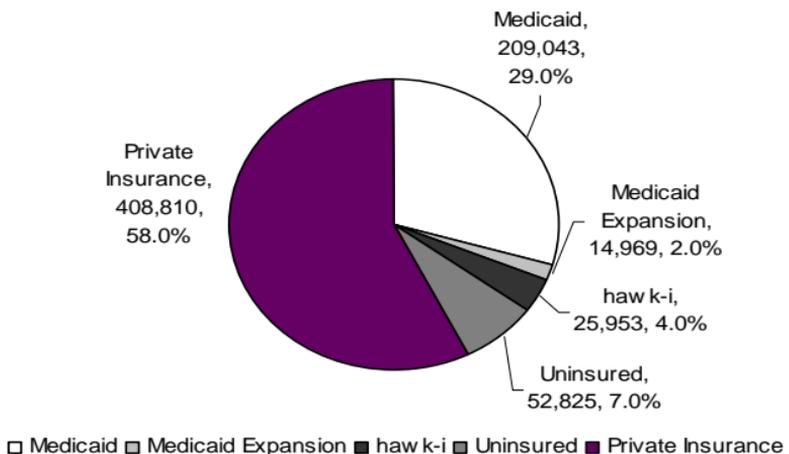
Congress enacted the Children's Health Insurance Program, with federal funds available on October 1, 1997, to provide insurance for children in families with incomes up to 200.0% of the Federal Poverty Level (FPL). In February of 2009, the President signed an extension of the Program and increased coverage to children in families with incomes up to 300.0% of the FPL. The extension also included an option for dental only coverage for children in families up to 300.0% who already have health insurance.

The *hawk-i* Program was enacted in 1998, establishing a private insurance program for children in families with incomes between 133.0% and 185.0% of the FPL. The Program was expanded to 200.0% in 2003. Senate File 389 (FY 2010 Health Care Reform II Bill) expanded coverage to children up to 300.0% of the FPL with a dental only option for children that currently have insurance.

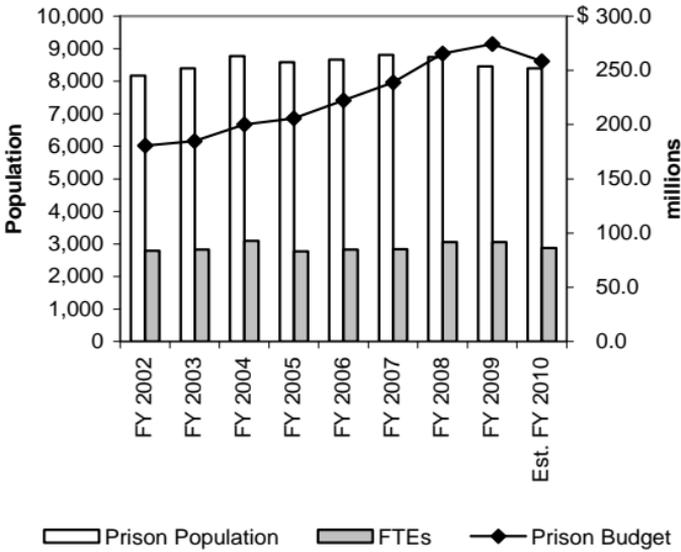
House File 2526 (FY 2011 Health and Human Services Appropriations Bill) appropriated \$31.4 million to fully fund the *hawk-i* Program for FY 2011.

The US Census Bureau estimates that there are currently 711,600 children in the State. As of February 2010, 40,922 children were enrolled in the *hawk-i* Program and 209,043 children were enrolled in the Medicaid Program. In a 2008 report by the Lewin Group, they estimated there were 52,825 children uninsured, with 34,000 of those children eligible for *hawk-i*, Medicaid, or Medicaid Expansion.

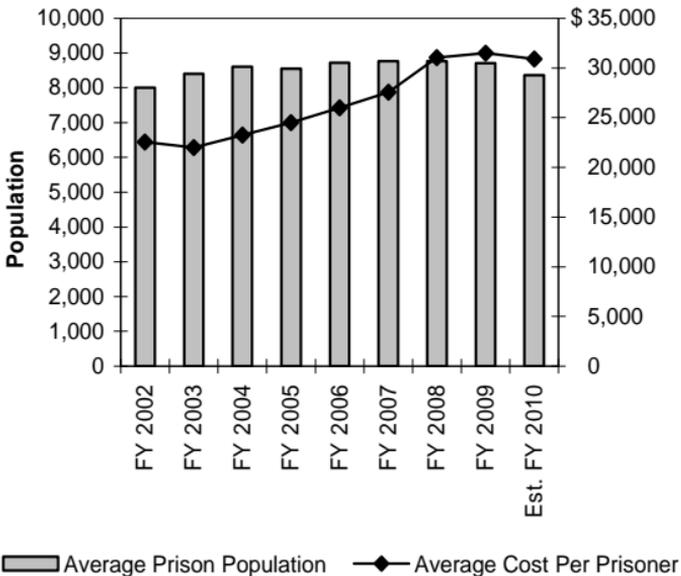
Children Insurance Coverage - Iowa



YEAR-END PRISON POPULATION, STAFFING, AND BUDGET



AVERAGE PRISON POPULATION AND AVERAGE ANNUAL COST PER PRISONER



IOWA'S TRANSPORTATION FUNDS

The Road Use Tax Fund is comprised of revenue sources that include taxes on fuels and fees collected from vehicle registrations. Prior to FY 2009, a use tax was collected on motor vehicle purchases and related equipment, and was also deposited in the Road Use Tax Fund.



Except for administrative costs, all vehicle registration fees and motor vehicle fuel taxes are constitutionally mandated to be spent exclusively for the construction, maintenance, and supervision of the State's public highways (Section 8, Article VII, Constitution of the State of Iowa). The use tax on motor vehicles and equipment, however, was exempt from the constitutional mandate.

Senate File 2420 (Time 21 Transportation Funding Act), enacted during the 2008 Legislative Session, replaced the motor vehicle use tax with a Fee for New Registration for the purpose of constitutionally protecting the revenues to be spent for road-related purposes.

A portion of the Road Use Tax Fund revenues is appropriated either through standing appropriations established in the Code of Iowa, or through the annual appropriations process. These expenditures are referred to as "off-the-top" allocations, and are used to fund programs, equipment purchases, and department operations. After the off-the-top allocations are funded, the remaining revenues are distributed based on formulas to the Primary, Secondary, Farm-to-Market, and Municipal Road Funds. The formulas remain unchanged under SF 2420; however, certain provisions of the Act affected the funding structure of the Road Use Tax Fund beginning in FY 2009.

**IOWA'S TRANSPORTATION FUNDS
(Continued)**

The following table shows estimated Road Use Tax Fund revenues, allocations, and distributions for FY 2010 through FY 2012, based on the Department of Transportation's (DOT) five-year forecast.

**ROAD USE TAX FUND
PROJECTED RECEIPTS, ALLOCATIONS, AND DISTRIBUTIONS
FY 2010 – FY 2012
(\$ in millions)**

	Estimated FY 2010	Estimated FY 2011	Estimated FY 2012
Receipts			
Motor Vehicle Registration Fees*	\$ 436.2	\$ 462.5	\$ 489.6
Transfer to TIME-21 Fund	-44.2	-70.5	-97.6
Net Motor Vehicle Registration Fees	392.0	392.0	392.0
Motor Vehicle Fuel Tax	\$ 421.3	\$ 430.7	\$ 437.4
Fee for New Registration	261.7	264.3	269.6
Interest	8.3	8.7	12.3
Underground Storage Tank Fees	20.6	21.1	21.4
Other**	18.9	19.1	19.3
Transfer from Statutory Allocations Fund	28.9	21.8	20.0
Total Receipts	\$ 1,151.7	\$ 1,157.7	\$ 1,172.0
Total Allocations	\$ 162.6	\$ 166.1	\$ 169.0
Total Available for Distribution	\$ 989.1	\$ 991.6	\$ 1,003.0
Distribution			
Primary Road Fund (47.5%)	\$ 469.8	\$ 471.0	\$ 476.4
Secondary Road Fund (24.5%)	242.3	242.9	245.7
Farm-To-Market Road Fund (8.0%)	79.1	79.3	80.2
Municipal Road Fund (20.0%)	197.8	198.3	200.6
Total Formula Allocation	\$ 989.1	\$ 991.6	\$ 1,003.0

NOTE: Numbers may not equal totals due to rounding.

* Includes motor carrier fees & prorate.

** Includes miscellaneous licenses, permits, and fees.

IOWA'S TRANSPORTATION FUNDS (Continued)

Transfer of Jurisdiction Fund

Beginning in FY 2004, the jurisdiction and control of approximately 700 miles of primary (State) roads, classified as Local Service Roads, were transferred to cities and counties. As a result, 1.75% of Primary Road Fund monies are transferred annually to a Transfer of Jurisdiction Fund. The allocation, effective until the end of FY 2013, is distributed to cities and counties by formula.

The following table shows estimated Jurisdiction Fund revenues and distributions for FY 2010 – FY 2012, based on the DOT's five-year forecast.

TRANSFER OF JURISDICTION FUND PROJECTED RECEIPTS AND DISTRIBUTION Estimated FY 2010 - FY 2012

(\$ in Millions)

	Estimated FY 2010	Estimated FY 2011	Estimated FY 2012
Total Receipts*	<u>\$ 8.2</u>	<u>\$ 8.2</u>	<u>\$ 8.3</u>
Distribution			
Cities and counties that assumed jurisdiction of primary roads (75.0%)			
Secondary Road Fund (90.0%)	\$ 5.5	\$ 5.5	\$ 5.6
Municipal Road Fund (10.0%)	0.6	0.6	0.6
Secondary Road Fund - all counties (22.5%)	1.8	1.8	1.9
Municipal Road Fund - all cities (2.5%)	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>
Total Distribution	<u>\$ 8.2</u>	<u>\$ 8.2</u>	<u>\$ 8.3</u>

NOTE: Numbers may not equal totals due to rounding.

* 1.75% of Primary Road Fund

**IOWA'S TRANSPORTATION FUNDS
(Continued)**

STATUTORY ALLOCATIONS FUND

The Statutory Allocations Fund includes items that were funded from the motor vehicle use tax prior to its repeal in FY 2009. The following table shows estimated Statutory Allocations Fund revenues and distributions for FY

**STATUTORY ALLOCATIONS FUND
PROJECTED RECEIPTS AND DISTRIBUTION
FY 2010– FY 2012
(\$ in millions)**

	Estimated FY 2010	Estimated FY 2011	Estimated FY 2012
Receipts			
Driver's License Fees	\$ 13.6	\$ 11.7	\$ 7.2
Trailer Registration Fees	7.0	7.0	7.0
Trailer Fee for New Registration	14.7	14.9	15.2
Title and Salvage Title Fee	7.5	7.5	7.5
Title Surcharge Fees	5.2	5.2	5.2
Use Tax*	0.9	0.9	0.9
Car Rental Tax	3.0	3.0	3.0
Total Receipts	\$ 51.9	\$ 50.2	\$ 46.0
Distribution			
Underground Storage Tank Fund	\$ 17.0	\$ 17.0	\$ 17.0
Public Transit Assistance	11.1	11.2	11.4
Motorcycle Rider Education Fund	0.5	0.4	0.3
Special Plate Funds	1.5	1.5	1.5
Total Distribution	\$ 30.1	\$ 30.1	\$ 30.2
Balance to RUTF**	\$ 21.8	\$ 20.0	\$ 15.8

NOTE: Numbers may not equal totals due to rounding.

* Includes: The use tax on mobile homes and manufactured homes and on leased vehicles not subject to registration.

**Due to accounting procedures, balance of SAF transfers to the RUTF in the next fiscal year.

**IOWA'S TRANSPORTATION FUNDS
(Continued)**

TIME - 21 FUND

The TIME-21 Fund includes revenues generated from a portion of motor vehicle and trailer registration fees, and title and salvage title fees. The revenues are allocated to the State, cities, and counties based on formula. The following table shows estimated TIME-21 Fund revenues and allocations for FY 2010 - FY 2012 based on the DOT's five-year forecast.

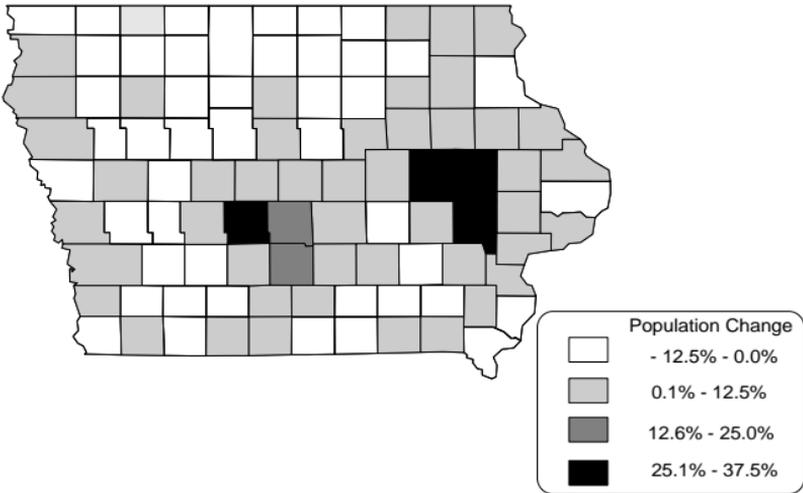
**TIME-21 FUND
PROJECTED RECEIPTS AND DISTRIBUTION
ESTIMATED FY 2010 - FY 2012
(\$ in Millions)**

	Estimated <u>FY 2010</u>	Estimated <u>FY 2011</u>	Estimated <u>FY 2012</u>
Receipts			
Trailer Reg. Fee Increase	\$ 8.8	\$ 8.8	\$ 8.8
Title & Salvage Title Fee Increase	10.3	10.3	10.3
Motor Vehicle Registration Fees*	44.3	70.5	97.6
Total Receipts	<u>\$ 63.4</u>	<u>\$ 89.7</u>	<u>\$ 116.8</u>
Distribution			
Primary Road Fund (60.0%)	\$ 38.1	\$ 53.8	\$ 70.1
Secondary Road Fund (20.0%)	12.7	17.9	23.4
Municipal Road Fund (20.0%)	12.7	17.9	23.4
Total Distribution	<u>\$ 63.4</u>	<u>\$ 89.7</u>	<u>\$ 116.8</u>

NOTE: Numbers may not equal totals due to rounding.

* Registration fees in excess of \$392.0 million.

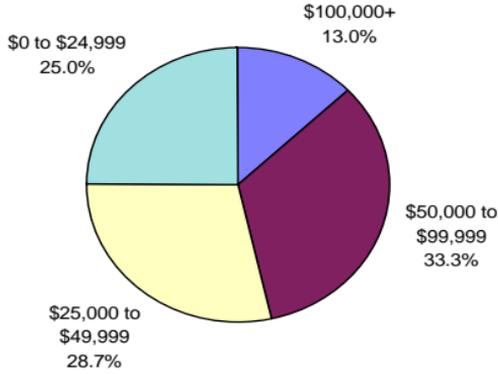
IOWA'S POPULATION CHANGE BY COUNTY 1990 - 2009



- Iowa's population was estimated at 3,007,856 in 2009.
- The State experienced a negative population growth rate between the years 1979 and 1988, while the national average growth rate was fairly constant at 1.0%.
- Iowa experienced a 7.5% growth in the population rate from 1990 to 2009, which was concentrated in and around metropolitan areas.
- The State experienced growth in population from 2000 to 2009 of 3.0%.
- Dallas County reported the greatest gains in population, increasing by 47.0% from 2000 to 2009. Pocahontas County experienced the largest decline, with a loss of 12.7% during the same period.
- Just under 50.0% of the State's population resides in ten counties in the State, which include Black Hawk, Dallas, Dubuque, Johnson, Linn, Polk, Pottawattamie, Scott, Story, and Woodbury.
- The most populous county in the State is Polk County, which reported a growth rate of 1.6% from 2008 to 2009.

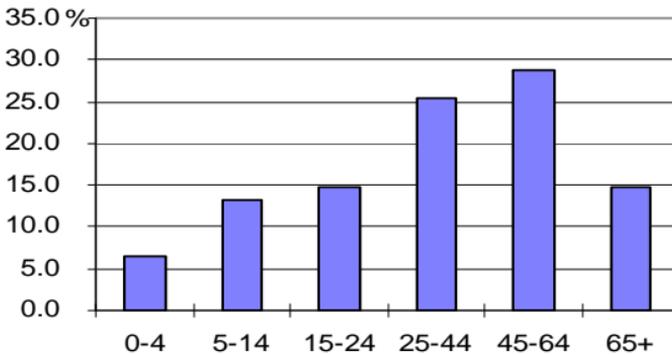
IOWA'S POPULATION

HOUSEHOLD INCOME



- The average Iowa household has 2.5 members.
- Median household income in 2008 was \$49,007.
- The median age of an Iowan is 38.0 years of age compared to the national average of 35.3 years.

AGE DISTRIBUTION OF IOWANS



- The percentage of Iowans age 65 or older is 14.7% compared to the national average of 12.4%.
- In 2009, the marriage rate was 6.5 per 1,000 population.

IOWA'S POPULATION (Continued)

- In 2008, the divorce rate was 2.6 per 1,000 population.
- In 2008, the percentage of births to unmarried women was 36.0%.
- In 2008, the infant death rate per 1,000 live births was 5.6.
- It is estimated that 90.0% of lowans are covered by health insurance, ranking third in the nation.
- In 2008, 88.7% of Iowa's population age 25 and older reported graduating high school or higher.
 - The percentage of lowans age 25 and older with a bachelor's degree is 21.2% compared to the national average of 24.4%.
 - Iowa's high school dropout rate was 3.1% compared to the national average of 8.7%.
- Iowa ranks 34th in the nation with 3,011 crimes per 100,000 population.
- Iowa had 295 state prisoners per 100,000 population, ranking 39th nationally.
 - The median age for Iowa inmates is 34 years old.
 - Men are 91.9% of the Iowa inmate population.
 - 71.8% of the Iowa inmate population is white, 25.3% is African-American, 0.8% is Asian, 1.8% is American Indian or Alaska Native, and 0.3% is unknown.
- Iowa has a nonfarm labor force of 1.5 million persons. Women comprise 46.8% of the work force.
- Iowa ranks 15th highest in the nation for home ownership with 72.1% owner-occupied homes.

IOWA'S POPULATION (Continued)**2009 NONFARM EMPLOYMENT**

Construction	3.7%
Education and Health	15.0%
Financial	6.9%
Government	17.9%
Information	2.0%
Leisure and Hospitality	8.5%
Manufacturing	13.6%
Natural Resources and Mining	0.1%
Other Services	4.0%
Professional and Business Serv.	7.9%
Trade, Transportation, and Utilities	20.3%